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FINANCIAL TIMES

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Thursday May 21 1981

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NEWS SUMMARY

GENERAL

Camera smuggled to hunger striker

The IRA has smuggled a miniature camera and tape recorder to the bedside of Raymond McCreech, now on the 61st day of a hunger strike at the Maze prison in a bid to boost its propaganda campaign. Prison authorities announced the discovery after a blurred photograph of another hunger striker, Patsy O'Hara, appeared in a Dublin newspaper.

Grants storm

A grant broke out over plans to use £900m in grants from local authorities, as a penalty for overspending. Page 8

'Cut Rhine Army'

Former Prime Minister James Callaghan urged the Government to withdraw half the 55,000-strong Rhine Army rather than reduce the size of the Royal Navy. Defence debate, Page 10

Trident split

The House of Commons Defence Committee is split over Britain's decision to buy the Trident nuclear missile system. Parliament, Page 10

Jobless forecast

The number of UK unemployed will rise to 3m in 1983 and will still be about 2.5m in 1985, according to a group of Warwick University economists. Page 6

Airports hit

Heathrow, Gatwick and Manchester airports will be badly disrupted today by industrial action by air traffic control staff, as part of the Civil Service pay dispute.

'Ripper' trial

The judge in the "Yorkshire Ripper" trial said he would send the jury out tomorrow, rather than after he ends his summing-up today, so they would not feel "under the pressure of time."

Speeding tickets

Fixed-penalty tickets for speeding and some other traffic offences could be introduced next year, Transport Minister Norman Fowler said.

Saving the tiger

India will increase its budget to save tigers from extinction, from £2.4m to £6m. The number of tigers in the wild and in reserves has risen from 1,844 in 1972 to 3,015.

Briefly...

Judge in Alabama plans to release up to 200 prisoners a week to relieve overcrowding in the state's jails.

East Germany will burn old tyres in cement works' furnaces to cut its imported coal bill.

Josef Eril, West German Farm Minister, was cleared of taking bribes from a milk carton manufacturer.

Polish union leader Lech Walos was elected Pipeman of the Year by the British Pipe-smokers' Council.

Financial Times

The Financial Times regrets that some readers may have been unable to obtain their copy of the FT yesterday and that the closing prices on North American markets were not available. This was because of production difficulties.

CHIEF PRICE CHANGES YESTERDAY

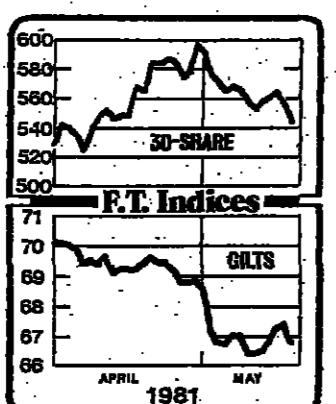
(Prices in pence unless otherwise indicated)

RISERS	
Aberdeen Constr.	190 +12
Aberdeen Invs.	232 +7
Hartwells	102 +4
Hill (C.) of Bristol	93 +10
Jacksons Brne. End	185 +18
Lea Refrigeration	196 +20
Parrish (J. T.)	140 +37
Samuelson Film	274 +7
MIM Holdings	144 +10
Calbridge	210 +10
UNAL	275 +7
FALLS	
Excheq. 11pc '86	283 -1
Expr. 12pc '86 B. 1981	289 -30
Reason Clark	180 -1
Blue Circle	466 -10
Blomfield Brothers	34 -4
Cater Ryder	350 -10
Chemring	293 -5

BUSINESS

Equities off 11.1; Dollar easier

● **EQUITIES:** the FT 30-share index fell 11.1 to 544.8 as the market responded to interest rate fears and the weakness of international financial markets.



● **GILTS:** also affected by Japanese selling, the Government Securities index closing 0.54 lower at 66.79. Page 40

WALL STREET

was down 2.51 before the close at 977.40. Page 34

● **DOLLAR:** eased on heavy central bank intervention and an easier trend in Eurodollar rates to close at DM 2.2980 (DM 2.3085), SwFr 2.0475 (DM 2.0550), Ffr 5.54 (Ffr 5.56) and Y220.80 (Y220.90). Its trade-weighted index was unchanged at 106.1. Page 33

● **STERLING:** added 25 points to 32.0810, and was at Y459.50 (Y459.25), but eased to DM 4.7850 (DM 4.7975), Ffr 11.5715 (Ffr 11.5500) and SwFr 4.3225 (SwFr 4.3200). The trade-weighted index fell to 98.5 from 98.3. Page 33

● **GOLD:** closed unchanged in London at \$479. In New York, the Comex May close was \$481.3. Page 33

● **CBI** announced a campaign to limit Japanese exports to the UK, and for tougher conditions on Nissan's proposed British car plant. Back Page; CBI loses £273,000. Page 8

● **STEEL INDUSTRY** in West Germany is pressing for Government aid. Back Page. British Steel's £1.28bn state assistance programme will be partly blocked by the European Commission. Page 2

● **AVERAGE EARNINGS** growth rate is established at about 10 per cent a year, or 2 per cent a month—less than half the level of a year ago. Back Page

● **LONDON BRICK**, whose 5,500 workers have been on a four-day-week since October, will return to full-time working next month. Page 8

● **UNITED ARTISTS THEATRE** Circuit of the U.S. and Rogers Telecommunications of Canada made a \$215m bid for U.S. Columbia Cablevision, ninth largest U.S. television company, already the subject of a bid by newspaper chains Dow Jones and Knight-Ridder. Page 26

● **BRITISH AEROSPACE** said it had orders worth £150m from four airlines for its new 146 airliner. Back Page; Back-ground, Page 7

● **NATIONAL FREIGHT** Corporation, which is to be denationalised, made a net loss of £7.58m in the nine months to September 30, 1980. Page 7

● **MARKS AND SPENCER** announced second half pre-tax profits £16.01m higher at £112.28m, taking the full year result to £181.18m (£173.65m). Page 24; Lex, Back Page

● **RANSOME HOFFMANN POLLARD**, the bearings-to-fasteners group, announced a first half pre-tax loss of £123,000 compared with a profit of £3.94m. Page 24

Overspent Labour Party 'has cashed all realisable assets'

BY RICHARD EVANS, LOBBY EDITOR

THE LABOUR PARTY is in serious financial trouble, having overspent by £175,000 last year and cashed all its realisable assets, Mr. Norman Atkinson, the party treasurer, admitted yesterday.

He revealed the full extent of the party's plight at a Westminster Press conference in an effort to stave off union criticism of his performance as treasurer. But his frankness could have the reverse effect. The news is so grim the party's union paymasters

could decide to give more support to Mr. Eric Varley, shadow Employment Secretary, when he mounts his third

Foot criticises Benn for denigrating last Labour Government; Silkin may stand in deputy leadership contest, Page 10

challenge against the Left-wing Mr. Atkinson for the treasurer's post at the party conference at Brighton in the autumn. The unions could

also decide to reform the financial structure. Mr. Atkinson acknowledged that his reputation was in shreds but

he rejected allegations that he had been "reckless and profligate." He confessed that the outlook for the party was "very, very tough indeed."

In an effort to impress the unions, the party is to impose a rigid Thatcher-style spending limit of £3.1m for 1981. If this is maintained it should bring the books back into balance.

This year's party conference is to vote on a proposal to increase membership fees from £5 to £6 and from 50p to £2 for the unemployed. The union affiliation fee is to go up to 50p a head next year, but there is continuing pressure from the unions to take more control over how the money is spent.

Numerous methods of raising more money have been discussed, including the need to meet the estimated £45,000 cost of the annual conference. Delegates are to be charged £10 attendance fee instead of £3 and visitors, including diplomats, will be charged £5. In previous years there has been no charge.

Investment appraisals of CEBG attacked

BY MARTIN DICKSON, ENERGY CORRESPONDENT

SERIOUS DOUBTS about the economic justification for Britain's nuclear energy strategy have been raised in a Monopolies Commission report which castigates the Central Electricity Generating Board for "seriously defective" investment appraisals.

The report, published yesterday, follows a nine-month efficiency audit of the CEBG by the commission. It was the first such investigation of a major nationalised industry ordered by the Government under its new Competition Act.

The commission concludes that many of the board's day-to-day activities are relatively efficient, though it criticises aspects of its relations with other nationalised industries and its record of forecasting future power demand.

It strongly attacks the board's investment appraisal, which is judged to be "against the public interest." The commission says the CEBG has not demonstrated a strong enough case to justify economically a large nuclear expansion programme rather than maintaining or re-

furbishing existing coal-fired plant.

"A large programme of investment in nuclear power stations, which would greatly increase the capital employed for a given level of output, is proposed on the basis of investment appraisals which are seriously defective and liable to mislead," the report says.

It implies, but never states explicitly, that the board may have been misleading itself and the public over the cost advantages of nuclear power.

The report acknowledges that there may be strategic reasons for nuclear stations. But it says it is "seriously concerned" that the strategic case for the board's most recently ordered station—Heysham 2 in Lancashire—"may have been unjustifiably reinforced by the supposed economic merits of the project."

These conclusions will be seized on by the anti-nuclear lobby. They must seriously embarrass the Government, which is strongly committed to

an expansion of nuclear power.

However, both the Government and the CEBG pointed out last night that the commission was wrong in saying they had a commitment to a "programme" of 15,000 MW of nuclear plant over the next decade. There would be a step-by-step approach to new orders.

The report's other main conclusions are:

- Demand forecasting by the board has been "seriously inaccurate" in the past and has led to premature orders for new plant which have increased costs.
- Costs could have been lower if the board had imported more coal. Fuel supply arrangements with the National Coal Board and British Rail have some objectionable features.
- The board maintains its power stations well, has relatively good industrial relations and has an effective system of minimising its day-to-day generating costs.

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Editorial comment and feature, Page 22

Middle East mission in difficulty

BY DAVID LENNON IN TEL AVIV AND ANTHONY McDERMOTT IN BEIRUT

THE MIDDLE EAST peace mission conducted by Mr. Philip Habib, the special U.S. envoy, appeared to be running into difficulties last night after earlier hopes that a peaceful resolution had been reached in the confrontation between Israel and Syria over the Lebanese missile crisis.

This has given added urgency to the meeting of Arab League foreign ministers, which opens in Tunis tomorrow. Yesterday the Gulf Co-operation Council—composed of Saudi Arabia, Kuwait, the United Arab Emirates (UAE), Qatar, Bahrain and Oman—postponed a meeting scheduled for tomorrow in order to strengthen the

hand of Arab diplomacy in supporting Syria.

Earlier in the day tension surrounding the crisis appeared to have eased and the chances of an immediate military conflict between Syria and Israel seemed to have receded.

But when Mr. Menachem Begin, the Israeli Prime Minister, met Mr. Habib to report on the Government's decisions, these hopes were overshadowed by an interview given by Syria's President Hafez Assad in which he appeared to pour scorn on Mr. Habib's mission.

Rather than reporting on Israeli agreement to the terms of the proposal, as had been expected, Mr. Begin indicated that the critical remarks by

President Assad had dampened the prospect for an early resolution of the crisis.

Discussion of the Lebanese crisis in Tunis is expected to focus on several points.

- Lebanon's President, Mr. Elias Sarkis, who is the titular head of the Arab Deterrent Force (ADF), might ask Syria to remove its missiles gradually.
- The ADF may have its mandate extended for an additional six months beyond the end of July.
- During this period, there may be efforts to return the composition of the force to the more Arab character it had when it first came into Lebanon in November 1976.

Technology body launch soon

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GRADUAL merger of the National Enterprise Board and the National Research and Development Corporation into a joint body will be formally launched in about a fortnight when a chief executive is appointed to head both organisations.

This was announced yesterday by Sir Frederick Wood, who is chairman of both bodies. He wants to call the combined operation the British Technology Corporation.

Mr. Brian Willott, a Department of Industry civil servant in his early 40s, who is the Board's acting chief executive, is believed to be the front runner for the job. Dr. Jim Cairns, the managing director of the corporation who is in his late 50s, is the other candidate.

Sir Frederick wants to make an appointment from his existing senior staff, but must gain Government approval for his choice.

Sir Frederick said yesterday that he had obtained approval from Sir Keith Joseph, Industry

Secretary, for gradually combining the operations, and eventually for a joint corporation to be created. But a full merger would require legislation and the tight parliamentary timetable might delay this for a year or two.

In the meantime common management systems, investment plans for areas like small companies and new operating guidelines would have to be developed.

Sir Frederick was speaking at the publication of the board's annual report which showed that the board made a pre-tax loss of £24.1m in 1980, which amounted to a negative 15.3 per cent return on capital employed.

Originally the board was supposed to achieve a 15 per cent to 20 per cent positive return by this year but civil servants have failed to design a new target which reflects the board's duty to sell off most of its investments when they become profitable.

The £24.1m loss becomes a profit of £11.1m if losses of £35.2m incurred on the Herbert machine tool company, which has been disposed of, are excluded.

The report also shows that the board's INMOS micro chip venture made a loss of £5.8m in 1980, while the NEXOS office system company lost nearly £10m.

Another high technology instrument—Data Recording Instrument—lost £10.4m.

Mr. Willott said INMOS should become profitable next year while NEXOS and Data Recording should produce profits within two years.

The report also revealed that Mr. Ian Halliday, who resigned as chief executive of the board in December, was paid £50,000 compensation. His total income for the year, including his salary, amounted to £81,535.

Plans accelerated, Page 8
Men and Matters, Page 22
Quest Automation, Page 27

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U.S. to overhaul bribery legislation

By David Buchan in Washington

THE U.S. Government wants to overhaul its anti-bribery laws as the centrepiece of its drive to remove domestic restrictions on American exporters and exports. Mr. William Brock, U.S. special trade representative, said yesterday.

Mr. Brock was testifying to the Senate Banking Committee. He referred to the Foreign Corrupt Practices Act, passed in 1977 in response to disclosures that U.S. multi-nationals made questionable payments to high-ranking foreign officials. He said the Act was well-intended but had created problems of interpretation.

He said the law was a serious trade barrier to U.S. exports but the Administration unequivocally supported the principle that illicit payments, foreign or domestic, were unethical and undesirable.

Mr. Brock was speaking before leaving for Geneva on a five-country trade mission, his first to Western Europe.

He has said the main purpose of his European visit would be to stress U.S. participation in the General Agreement on Tariffs and Trade Organisation.

Mr. Brock said the recent car import deal with Japan was a one-off exception and to emphasise yet again the U.S. desire for international export credit levels to be reduced.

The Administration's main attentions recently, however, have been devoted to domestic snags to exports. Yesterday the Reagan Cabinet was putting finishing touches to a trade

Continued on Back Page
Deadline on export credits, Page 4

Lack of customers forces Nigeria to cut oil output by 20%

BY RAY DAFTER IN LONDON AND MARK WEBSTER IN PARIS

NIGERIA has cut oil production by 20 per cent because it cannot find enough customers.

Sales of Nigerian crude have slumped as a result of the world oil glut and its policy of maintaining high official prices in the face of falling spot market rates.

Dr. Alex Ekwueme, the country's vice-president, confirmed in Paris yesterday that production this month was averaging only 1.6m barrels a day compared with more than 2m b/d a year ago. Many customers have failed to renew contracts because they have found it difficult to sell high-priced Nigerian crude on the world market.

Nigeria sells most of its crude at about \$40 a barrel, a price used as a reference level for North Sea oil of similar quality. British National Oil Corporation, the biggest trader of North Sea crude, has come under considerable pressure—particularly from oil refiners—to lower prices. It has told the industry it will not move until Nigeria and other African producers trim their rates.

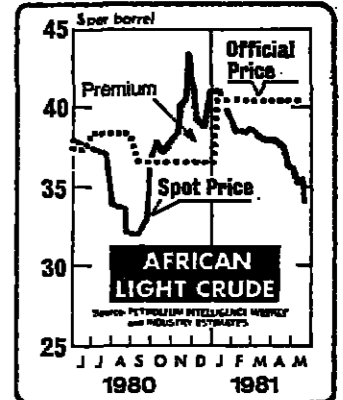
The fall in Nigerian sales could have serious consequences for 90 per cent of export revenues.

But Dr. Ekwueme said it was "not such a critical situation that we feel we have to take panic measures. I think the economy is sufficiently resilient to absorb this temporary decline in the level of production."

Atlantic Richfield has just ended two Nigerian supply contracts because it considered the oil overpriced. A few days ago Gulf Oil, another major customer, called on Nigeria to lower prices.

It is understood Gulf suggested Nigerian crude should be only \$5 a barrel more expensive than Saudi Arabia's light crude, now at \$32 a barrel.

But it is possible to buy



Nigerian oil for even less. Crude oil traders reported yesterday African and North Sea oil was valued between \$33.50 and \$34.50 a barrel on the spot market compared with a peak of about \$43 at the beginning of December. The spot rate for Middle East light crude has also fallen from more than \$40 to about \$33-\$34.

UK Government studies suggest that—barring accidents or political strife—the international oil market could remain weak for at least another two years. As a result, the figures suggest, crude oil prices could fall in real terms until at least the end of 1982.

The unpublished assessment of the international oil market sees the worldwide demand for Opec oil remaining between 23m and 25m barrels a day until the end of next year. This compares with Opec's output of over 31m b/d last year.

Whitehall officials warn that prices could rise substantially from the mid-1980s as the market tightens again. By the year 2000 crude oil could cost \$120 a barrel in money-of-the-day terms, \$60 in 1980 prices.

Oil prices should remain level, Page 6

Opec faces tough talks, Page 2

HOW MUCH IS THE BUS FARE TO PARIS?

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EUROPEAN NEWS

Leading Italian banker arrested

By Rupert Cornwell in Rome

ITALY'S FINANCIAL and political establishment was shaken yesterday by the arrest, ordered by Milan magistrates, of Sig. Roberto Calvi, president of Banco Ambrosiano, and the country's biggest private sector banker, on charges that he has exported foreign currency illegally.

The accusations forming the basis of the warrant issued against Sig. Calvi concern operations carried out in 1975 and 1976 by La Centrale, a financial company controlled by Ambrosiano and of which Sig. Calvi is also president.

Six other members of the Centrale board in that period have also been taken into custody. They include Sig. Carlo Bonomi, head of the Invest Financial Company, the cornerstone of the Bonomi family empire.

Invest is one of the four leading private sector groups which have just agreed to buy back the state's 16 per cent stake in the Montedison chemical company.

La Centrale, for its part, has been involved in controversy recently over its purchase of a 40 per cent stake in the Rizzoli publishing group. Rizzoli owns Corriere della Sera, Italy's most important daily newspaper.

The reverberations of Sig. Calvi's arrest will add to the political uncertainties surrounding the four-party coalition Government. These stem from the affair of the mysterious P-2 Freemasons lodge which is reputed to have been a centre of clandestine political power.

New evidence of Sig. Calvi's dealings is understood to have come to light in March when police seized documents from the Arezzo headquarters of P-2.

These led to the resignation in April of Sig. Ugo Ziletti from the post of deputy head of the Magistrates Supervisory Council amid allegations that he had improperly helped Sig. Calvi regain his passport. This was confiscated last autumn by other magistrates investigating the Ambrosiano-Centrale case.

A list of more than 900 people said to include leading politicians, financiers, civil servants and armed forces officers who are alleged to belong to P-2 — has been handed over by magistrates to the Government.

Sig. Arnaldo Forlani, the Prime Minister, declined to reveal the names on Tuesday. But a parliamentary committee which also has a copy may make the list public today. Some political parties are demanding the resignation of those holding public office who are implicated.

The warrant for Sig. Calvi's arrest claims that La Centrale sold blocks of shares in two of its major offshoots, Credito Varesino and the Toro insurance group, to foreign subsidiaries.

In the case of Toro, La Centrale is claimed to have arranged for other Italian-based subsidiaries to buy back the shares at a price of 1,33,000 per share, compared with their then quotation on the Milan bourse of 1,13,775 per share.

As the repayment was made in foreign currency, the difference between the two prices is held to be a clandestine export of currency, in breach of Italy's foreign exchange regulations.

Those arrested yesterday are likely to be interrogated by magistrates within the next few days.



Sig. Roberto Calvi: head of biggest private banking group

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Barre bows out in a blizzard of statistics

BY ROBERT MAUTHNER IN PARIS

THE GOVERNMENT of President Valéry Giscard d'Estaing took its last bow yesterday—10 days following the election of M. Francois Mitterrand as the new President of France—after hearing a long factual report on the state of the economy from M. Raymond Barre, the outgoing Prime Minister.

Following Wednesday evening's emotional and somewhat theatrical farewell message on television from President Giscard, at the end of which he was seen walking slowly into the middle distance with the cameras focusing on his empty chair, the last Cabinet meeting was altogether a more down-to-earth affair.

In the words of the Government spokesman, M. Jean-Marie Poiret, who intends to stand for a parliamentary seat in the forthcoming general election, "everybody made it a point of honour to avoid any excess of emotion."

M. Giscard d'Estaing, who was due to lay a wreath on the Tomb of the Unknown Soldier later in the day, put an end to nearly two weeks of long drawn-out and painful farewell ceremonies with a simple statement at the end of the Cabinet meeting.

"I have done what we had to do," he said. "We have done it as best as we could. That is the reply that our conscience gives to the only question that a politician should ask himself: Have I served France well? On a day like this the voice of conscience is stronger than that of momentary public favour."

M. Barre, who stopped currying public favour a long time ago, did nothing to reverse the trend in his last dry statement on the nation's economy. The main purpose of this document which contained a mass of figures and few value judgments, was intended to pre-empt the negative judgment of the nation due to be drawn up by the new socialist administration.

The outgoing Prime Minister's conclusion was that "France, which since the end of 1973, had mastered the adverse effects of the first oil shock, had begun to deal successfully with the consequences of the second oil price shock and was continuing the adaptation of its economy to the new international economic situation."

This statement was translated into the following statement: "French gross domestic product, which grew by 1.3 per cent in real terms in 1980, is expected to increase by 0.5 per cent in 1981."

The number of unemployed reached 1,724,000, seasonally adjusted, in April this year. Some 500,000 people have benefited from the Government's third youth employment pact up to the end of April.

Consumer prices rose by 12.5 per cent over the 12 months up to the end of March, 1981, compared with 13.6 per cent over the previous 12 months period. Inflation has been slowing down for three months.

The current account deficit for the first quarter of 1981 was FF11.6bn (€1bn), compared with a shortfall for the whole of 1980 of FF11.7bn (€1.7bn).

M2 money supply rose by 10.4 per cent from March 1980 to March 1981.

On the eve of the final ballot of the presidential election, France's official foreign exchange reserves stood at FF136.4bn.

France's foreign credits exceeded its foreign debts by FF121bn. At the end of December 1980, its foreign debts totalled FF124bn compared with FF145bn of credits.

The accounts of the social security system, after being heavily in the red, are back in balance.

The purchasing power of workers has been maintained.

The long-term objectives of the country's energy programme are being respected, with 34 per cent of electricity produced in 1981 already being produced by nuclear plants.

The Secretary-General at the Elysée—a kind of Minister of Court—became one of the key figures in the land, though his influence was never exercised in public. Responsible on paper for the running of the Presidential office, he could, in fact, order this or that minister to attend a state funeral in a distant country or, in the absence of the President from his office, co-ordinate measures against striking fishermen or rioting farmers. On such occasions, the State's representatives in the provinces—departmental or regional prefects—might report directly to him, particularly at weekends.

In the short term at least, things are likely to be very different under M. Mitterrand. The new President, it is true, has always depended heavily on his closest advisers, particularly in areas where he is lacking in expertise, such as economic policy. But many of his advisers and political friends will doubtless be appointed as Ministers in the interim government and their relationship with the President will therefore be both more intimate and less servile than under the outgoing regime.

M. Mitterrand also says he wants to give a much more constructive role to the National Assembly, a place which has nurtured his political career and for which he has a tremendous affection. Much will depend on whether the forthcoming general election gives the new President a parliamentary majority for his legislation.

If the election produces a hostile majority, it is difficult to see even an old parliamentarian like M. Mitterrand being too generous in shedding some of his Presidential powers. What is certain is that the President will try to associate the National Assembly more closely with the formulation of policy even in those areas, such as foreign affairs and defence which, since General de Gaulle, have been the President's special preserve.

Nor, if M. Mitterrand is to be believed, will the country see a repetition of the unedifying procedure in the winter of 1979, under which the 1980 budget was pushed through the National Assembly in spite of the absence of a parliamentary majority.

This was made possible by an article of the constitution which provides for the automatic adoption of a bill made into a question of confidence by the Government, unless a censure motion is voted within 24 hours. But its repeated use by M. Raymond Barre as Prime Minister for the various articles of the budget was widely considered to have violated the spirit, if not the letter of the constitution.

It is in areas such as this, where the role of Parliament has been seriously undermined by successive Fifth Republic Presidents, that M. Mitterrand has promised that he will adopt a much more "democratic" approach. The achievement of a better balance between the functions of the Presidency and those of Parliament is to be complemented by giving the regions a greater say over their own affairs.

Under the present system, the departmental and regional prefects, who are the Government's representatives, exercise enormous power, ranging from the maintenance of public order to control over local budgets. M. Mitterrand plans to abolish the prefects and to replace them by high commissioners—the importance of this change in name is not immediately clear—and to create regional assemblies elected by universal suffrage.

The aim is to transform an advanced industrial society with a semi-developed political system into a more genuine industrial democracy. Whether Jacobin France will appreciate the cure is another question.

The most prominent figure involved is Mr. Jim Hajek, Foreign Minister in the Dubcek government and a founder of Charter 77. He has been released pending trial. Those still in prison include Mr. Karol Kunc, a prominent journalist in the Dubcek period, and also a founder of Charter 77, which has been monitoring implementation of the Helsinki accords.

In Madrid, the Dutch representative to the European security conference has complained on behalf of the European Community at the arrest of members of Charter 77. The two French people freed yesterday are Mme Françoise Anis and M. Gilles Thonon.

Kosovo, once the heart of the medieval Serbian empire and still dotted with magnificent Serbian churches and monasteries, is holy to all Serbs. Though Serbs today constitute only 13 per cent of Kosovo's population, the loss of the province could provoke an incalculable backlash.

The setting up of a Kosovo Republic would also be an irresistible pole of attraction to the 500,000 or so ethnic Albanians now living in Macedonia and Montenegro. In short, entire South Yugoslavia would be involved in a re-making of the federal map.

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Mitterrand promises more 'democratic' line

BY ROBERT MAUTHNER IN PARIS



President Giscard and his wife bid farewell to the Elysée Palace staff.

ONE OF the biggest questions about the new French regime is how M. Francois Mitterrand will interpret the immense powers which the constitution gives to the President of the Republic.

The outgoing President, M. Valéry Giscard d'Estaing, was blamed for behaving like an elected monarch, though more in style than in substance.

The style of M. Mitterrand's presidency is likely to be very different, with less emphasis on the trappings and dignity of the office. The new President has promised to give Parliament a bigger role in the Government of the country and to bring about devolution of power to the regions.

But can a man, who has shown authoritarian tendencies in the past and who has ruled his own Socialist Party with an iron hand, resist all the temptations of personal rule offered by the Presidency?

If M. Giscard d'Estaing behaved like an elected monarch, he did so with the legal backing of the constitutional texts though, on one or two occasions, his government's interpretation of those texts was to say the least, controversial.

The French President, elected by universal suffrage for a renewable period of seven years, combines many of the functions of the Queen and Prime Minister in Britain. He is not only the Head of State, but the effective Head of Government, as well as being the commander-in-chief of the armed forces and, by definition, the man with his finger on the nuclear trigger.

The President has the power of life and death over the Government, which is, unlike him, responsible to Parliament. He nominates the Prime Minister and, after consultations with him, the government Ministers. He can also dismiss the Prime Minister, though constitutional demands that the premier should hand in his resignation.

Under the constitution, the Prime Minister must submit his own resignation and that of the Government to the President when the National Assembly adopts a censure motion or if the Government is defeated on its general policy declaration. But other situations, such as a fundamental disagreement between the President and the Prime Minister, are not clearly defined.

The Fifth Republic, however, has established a number of unwritten rules since its creation in 1958. These can be reduced to the simple, unbreakable precept that the President is always right.

M. Jacques Chirac, President Giscard's first Prime Minister, did not hesitate to resign after a monumental row with the President in the summer of 1976 over the Premier's powers and the ruling majority's electoral strategy.

The pre-eminence of the Presidential office is thus consecrated both by the Constitution and subsequent practice. Under President Giscard, the powers of the Presidency reached a peak, perhaps for the very reason that he could not count on a parliamentary majority and that his Government was constantly harassed and threatened by the Gaullists. To offset this weakness, the Elysée Palace stuck its fingers into practically every pie.

The President surrounded himself with a small group of highly competent officials who doubled up for nearly every Government department and, with one or two exceptions, could exercise as much, if not more, influence behind the scenes as Ministers themselves. There were many occasions on which the Elysée overruled ministerial decisions and many others on which Ministers turned for support to the relevant official on President Giscard's staff to win acceptance for a cherished proposal.

Revolution, which President Giscard decreed should be slowed down because it sounded better that way, will be back to its old tempo today when the Republican Guard plays its role for the first time as Head of State, writes David White in Paris.

Western socialist leaders, distinguished figures from the arts and sciences and a bevy of Latin American writers will be among the guests attending the inauguration ceremonies. A hitch in the morning's solemn hand-over proceedings remained unresolved yesterday. After being received on the steps of the Elysée Palace by the outgoing President, the formal transfer of powers and secret nuclear codes and M. Giscard's departure, the new President is due to be given the insignia of Grand Master of the Legion of Honour. But the order's Grand Chancellor, General Alain de Boissieu, resigned last week rather than do this job for a man he says insulted his father-in-law, General de Gaulle—and he has not yet been replaced.

After formal confirmation of his election, President Mitterrand will make a short inauguration speech amid a 21-gun salute fired from the banks of the Seine. After reviewing the troops, he will drive in an open car up the Champs-Élysées to place the traditional wreath on the Tomb of the Unknown Soldier under the Arc de Triomphe.

Again, in compliance with tradition, M. Mitterrand will be received at Paris Town Hall in the afternoon by M. Jacques Chirac who, as Mayor, occupies a post created by M. Giscard and who, as presidential candidate, was doubtless partly responsible for M. Giscard's defeat.

The main innovation in the ceremonies is that the President will then take the Boulevard St. Michel, focus of student Paris and of the 1968 revolt, to pay homage to two figures buried in the Pantheon—Jean Jaurès, founder of the French Socialist Party, assassinated in 1914, and Jean Moulin, the wartime resistance leader who died in 1943.

M. Mitterrand has "invited the people of Paris" to join him there, having rejected the idea of holding a popular rally at the Place de la Concorde as less fitting for the occasion. The Paris Orchestra will be on hand with 150 choristers to play Beethoven's Hymn to Joy and, inevitably, the Marseillaise again—but this time in Berlioz's setting.

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OVERSEAS NEWS

South African car companies hit by strikes

BY QUENTIN PEEL IN JOHANNESBURG

THREE MAJOR motor manufacturers in South Africa—Ford, General Motors and Leyland South Africa—were hit by labour disputes yesterday, in the latest upsurge of black labour unrest to hit the industry.

In Cape Town, Leyland, the South African subsidiary of EL, sacked some 1,900 workers for failing to return to work after a week's strike for a higher wage increase. The company said that the workers, mostly coloured (mixed race) members of the National Union of Motor Assembly and Rubber Workers (Numarwasa), were in breach of their agreements in striking for improvements in a "pay award already settled."

"Their refusal to work is an illegal action and in violation of the terms of the agreement," Mr. Arne Pitlo, a Leyland spokesman, said. He said the company decision to suspend the workers was in accordance with the agreed disciplinary code, and followed three days' suspension without pay.

However, Mr. Joe Foster, branch secretary of the union, said the men were striking for more than the 9 cents per hour increase agreed last year, when it was understood that the company was in financial difficulties. He said that Leyland had recently started hiring extra workers.

Production was brought to a halt at Leyland's two Cape Town

plants at Elsie's River and Blackheath, manufacturing Rover cars, and Leyland trucks and buses.

In Port Elizabeth, the capital of the South African motor industry, both Ford and General Motors have been hit by a sympathy strike by their workers for men laid off at the Firestone tyre manufacturer. Some 1,500 workers at three Ford plants, and 175 workers from General Motors, downed tools after the dismissal of two Ford men who were accused of fitting Firestone tyres to a vehicle.

All the workers involved are members of the Motor Assembly and Components Workers Union (Macwusa), a predominantly black union which, unlike Numarwasa, is not officially registered. The Ford and General Motors workers support the blacking of Firestone tyres until all the Firestone workers have been reinstated.

The South African motor industry has been hit by a series of disputes in the past 18 months, the last of which was a pay claim at Sigma, Peugeot and Citroën cars; after a short strike at the company's Pretoria plant the pay claim was settled.

The disputes have shown a considerable degree of co-ordination, with workers in Pretoria striking for similar pay rises to those won in Port Elizabeth.

French Socialists renew pledge on sanctions

BY MARK WEBSTER IN PARIS

THE LEADER of the French Socialist Party yesterday pledged his party's support for sanctions against South Africa because of delays in bringing independence to Namibia. Assuming the policy is pursued by President-elect François Mitterrand, it could prove a severe upset for Western policy on southern Africa.

The French Socialist view is in marked contrast to the increasingly sympathetic attitude towards South Africa expressed by the Reagan Administration in Washington.

But while the statement by M. Lionel Jospin conforms to the Socialist manifesto on which M. Mitterrand campaigned for the Presidency several African delegates to a conference organised here by United Nations and the Organisation for African Unity privately expressed scepticism and said they would be pressing for a concrete commitment on sanctions after the new French Government is installed.

Nonetheless, the strength of the views expressed by M. Jospin has considerably en-

couraged anti-apartheid groups taking part. Mr. Peter Manning, of the Southwest Africa Peoples Organisation (Swapo), which is fighting a guerrilla war in Namibia, said M. Jospin's reaffirmation would "undoubtedly

THE South African Government has given a "positive response" to U.S. proposals to break the deadlock in negotiations for a settlement in Namibia, according to reliable reports here, Quentin Peel writes from Johannesburg.

have considerable effect in Europe."

M. Jospin said the Socialist Party was committed to ending trade with Namibia including the import of uranium, the reduction of French imports from South Africa "in keeping with what is technically feasible," the freeing of all public sector investment in South Africa and an end to all incentives for private sector investment in the Republic. France is South Africa's biggest arms supplier.

Tokyo stock market recovers

By Richard Hanson in Tokyo

MR. ZENKO SUZUKI, the Japanese Prime Minister, yesterday repeated Government denials that Japan has given verbal or any other agreement, for U.S. warships and aircraft carrying nuclear weapons to visit Japanese territory.

Meanwhile, the Tokyo stock market recovered sharply from Tuesday's dramatic plunge, apparently on a round of bargain hunting. The Nikkei Dow Index of 225 stocks jumped 107.26 points to close at 7,371.27 — the biggest single day gain in a year.

On Tuesday, the Nikkei Index had suffered a 187.88 point drop partly due to concern over how the Suzuki Government would handle the nuclear weapons issue.

Apparently the Government's U.S. and Japan have simply decided to ignore the awkward questions raised once again by remarks made by former U.S. ambassador Edwin O. Reischauer that U.S. ships regularly call on Japanese ports carrying their nuclear weapons.

A meeting between the current U.S. ambassador, Mr. Mike Mansfield, and the Japanese Foreign Minister, Mr. Sumo Sameda, ended with a comment that Mr. Reischauer's statements were those of a private citizen, and that they were "irresponsible."

The issue arises periodically in Japan, because of the Japanese Government's official position, which holds that the U.S. will not "introduce" nuclear weapons to Japan without prior consultation.

Since there have been no such consultations there have been no weapons, the logic goes.

It has been made clear on numerous occasions however that U.S. ships calling on Japan do not leave their nuclear weapons elsewhere. The U.S. interpretation of "introduce," however, apparently excludes weapons in transit, therefore not requiring prior consultation. This neat fiction has been maintained for the past two decades.

Sihanouk visit

PRINCE Norodom Sihanouk, the former Kampuchean ruler, arrived here yesterday, from Peking, reportedly for talks with Kampuchean groups residing in France, AP reports from Geneva. He had accepted a Chinese offer to equip a 3,000-man strong army on condition he would form a united front with his former enemies, he said.

Zipra disarms

ALL former guerrillas in Zimbabwe have now been disarmed and are being integrated in the national army. Reuter reports from Salisbury.

David Marsh, in Libreville, reports on the deep divisions between delegates

High absenteeism at IMF meeting

IMF IN GABON

DEEP DIVISIONS between rich and poor countries on ways of revitalising the flagging world economy look certain to mark this week's round of international economic talks in Libreville, Gabon.

The U.S., in particular, is bound to be criticised on nearly all sides over high dollar interest rates and the Reagan Administration's cool approach to development aid.

Delegates to the International Monetary Fund's interim committee meeting, which takes place today started preparatory talks yesterday in distinctly low key fashion. The gathering of Government officials and central bankers who comprise the IMF's steering committee is marked by the large scale absenteeism of Finance Ministers from the industrialised countries.

The poor turnout has cast a dampener over the gathering,



Mr. MacEachan... tipped to replace M. Monory.

the first IMF meeting in Africa. Although the facilities at Libreville's palatial conference centre rank with anything in

the industrialised world, delegates from Europe and the U.S. are openly concerned about the inconvenience and expense of holding international monetary meetings on the Equator.

From the top ten industrialised countries, only three—Britain, Canada and Italy—are sending their Finance Ministers to the meeting. Ill-health and political difficulties at home have prevented the attendance of the West German, Dutch and Japanese Finance Ministers.

M. Rene Monory, who was to have chaired the meeting, has lost his job as French Finance Minister following the French Presidential elections. His place is widely expected to be taken by Allan MacEachan, the experienced Canadian Finance Minister.

Donald Regan, the U.S. Treasury Secretary, was recalled to Washington in the middle of a Middle East trip last Sunday to help the Administration push

its tax cut proposals through Congress.

Developing countries, irked in particular over the American delay in providing funds for the World Bank's soft loan affiliate, the International Development Association, see his absence as symbolising the lack of interest by the Reagan Administration in international economic affairs.

Prominent in the U.S. delegation is Mr. Beryl Sprinkel, the Treasury Undersecretary in charge of monetary affairs. His comments on the new U.S. policy of minimising intervention on the foreign exchange market have recently annoyed European central bankers, who accuse him of an over-simplistic approach.

Mr. Sprinkel is also unlikely to win many friends among developing countries. Last week he spoke out against a new allocation of the IMF's composite reserve currency, the

Special Drawing Right, on the grounds that world liquidity was already ample.

Developing country delegates are pressing for a big new distribution of SDRs next year as a way of alleviating their rising cash problems, which have been accentuated by soaring interest rates on their commercial bank debt.

IMF officials say the absence of so many lending officials here this week partly reflects the lack of any pressing issues for the Fund meeting to resolve. IMF loans to developing countries have spurted, compared with the levels of only 12 months ago, and during the last few weeks the Fund has already sewn up deals with Saudi Arabia and leading industrialised countries to stock up its lending resources.

Agreement 'unlikely' by OPEC on price unification

BY RICHARD COWPER IN JAKARTA

THE Organisation of Petroleum Exporting Countries (OPEC) may agree to freeze oil prices at current levels at its meeting next week, but will be hard put to reach any consensus on price unification or production cuts, Professor Subroto, its current president, said yesterday.

In an interview before he left the meeting in Geneva, Professor Subroto, who is also Indonesia's Minister for Mines, said that agreement to freeze prices now looks a "real possibility" though it will not be easy.

"There are now three currents in OPEC thinking: those who wish to cut prices,

those who wish for a price increase to take into account inflation, such as the Africans, and the majority who appear to be willing to accept a price freeze," he said.

Professor Subroto made it clear that "Indonesia was in favour of a price freeze."

Venezuela's Oil Minister, Sr. Humberto Calderon Berti, said earlier this week that, in view of what he estimated would be an oversupply this year of 1.4m barrels a day (b/d) he would propose a price freeze for the rest of the year. The United Arab Emirates and Qatar have also called for a price freeze.

Professor Subroto made it

clear, however, that he thought agreement on unification of prices, which currently range from \$32 to \$41 a barrel, and production cuts to counteract the present surplus would be extremely difficult to reach.

Saudi Arabia, which is producing an estimated 10.3m b/d far above its normal output and a level which has done much to cause the surplus, has made it clear that it will not reduce its production until there is an agreement on price unification.

"It is likely that many of the OPEC members will ask Saudi Arabia at the conference to cut production, but Sheikh Yamani (the Saudi Oil Minister) has

been insisting that some members cut prices before he would agree to such a measure. It is very unlikely that Libya and Algeria would agree to decrease their official price," said Professor Subroto.

Some oil analysts believe that the conference next week could be extremely acrimonious with OPEC hawks like Libya and Algeria openly attacking Saudi Arabia for its policy of attempting to force price unification on OPEC members.

Patrick Cockburn adds: Qatar has dropped its demand that six Japanese customers pay it a premium of \$6.50 a barrel above the official price, accord-

ing to oil industry officials in Tokyo. The move was expected following Kuwait's inability to keep its premiums and the general weakness of the world oil market.

The Japanese companies are expected soon to sign contracts for 135,000 b/d of Qatar's crude at the official price of \$37.42. The total production of the small Gulf state is 500,000 b/d.

Qatar is currently negotiating its service contracts with Shell, which is entitled at present to lift 145,000 b/d of Qatari Marine crude from the offshore fields at the official price. This year Shell has reportedly been getting 22 cents a barrel as a service fee.

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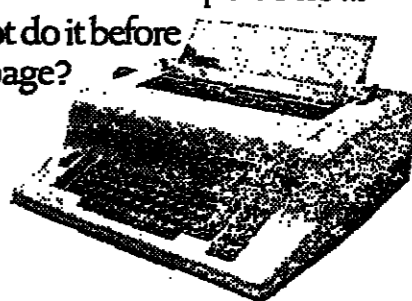
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PROFIT STATEMENT AND DIVIDEND ANNOUNCEMENTS

With widely differing stock values during the year, it became apparent that the first-in first-out (F.I.F.O.) method of stock valuation was no longer suitable to the situation of the company and with a view to expressing the results of the group in less inflationary terms, the last-in first-out (L.I.F.O.) method of stock valuation was adopted for the major part of the group's stock.

The audited results of the group for the year ended 28 February 1981 were as follows:—

	Effect of change R000	Result for 1981 on previous F.I.F.O. basis R000	1981 R000	1980 R000
Turnover		765 937	765 937	587 950
Group profit before taxation	7 554	32 780	25 226	23 785
Taxation	2 566	13 078	10 522	8 598
Group profit after taxation	4 988	19 702	14 704	15 187
Profit attributable to outside shareholders	31	2 802	2 781	2 055
Preference dividends		55	55	55
Profit attributable to ordinary shareholders	4 977	15 845	11 869	13 087
Number of ordinary shares in issue		23 654 400	23 654 400	23 654 400
Earnings per ordinary share	21.0c	71.2c	50.2c	55.3c
Dividend per ordinary share			18c	16c

* For comparison purposes, the results of the group and the effect thereof are reflected as they would have been if the basis of accounting had not changed from the previous F.I.F.O. basis of stock valuation.

Final Dividend No. 32 on Ordinary Shares
Notice is hereby given that a final dividend of 13.5 cents per share (1980-12c) has been declared on the company's ordinary shares, payable to shareholders registered in the books of the company at the close of business on 12 June 1981. Together with the interim dividend of 4.5c per share paid on 12 December 1980 this makes a total dividend of 18 cents per share for the year ended 28 February 1981 (1980-16c).

The dividend is declared in the currency of the Republic of South Africa and becomes due on 13 June 1981. Dividends payable from the office of the company's London Transfer Secretaries will be paid in the United Kingdom currency at the rate of exchange ruling on 13 June 1981.

Dividend warrants will be posted on or about 10 July 1981. Non-resident shareholders' tax will be deducted from the dividends where applicable.

The ordinary share registers of the company will be closed from 13 June 1981 to 26 June 1981 both dates inclusive.

Interim Dividend No. 34 on Preference Shares
Notice is hereby given that an interim dividend of two and three-quarter per cent has been declared on the company's preference shares, payable to shareholders registered in the books of the company at the close of business on 13 June 1981.

The dividend is declared in the currency of the Republic of South Africa and becomes due on 13 June 1981. Dividends payable from the office of the company's London Transfer Secretaries will be paid in the United Kingdom currency at the rate of exchange ruling on 13 June 1981.

Dividend warrants will be posted on or about 30 June 1981. Non-resident shareholders' tax will be deducted from dividends where applicable.

The preference share registers of the company will be closed from 13 June 1981 to 26 June 1981 both dates inclusive.

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J. P. Enslin
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AMERICAN NEWS

GRENADA'S NEW AIRPORT

Storm over an island badly in need of friends

BY DAVID BELL

THE ELDERLY Avro 748s which serve the tiny Caribbean country of Grenada have to bank sharply over the lush green centre of the island before they make the final hazardous descent to its tiny airport, squeezed in between the mountains and the sea.

For years, the lack of a full-size airport has hampered the island's development. But now, 30 miles away, 200 Cubans, using Soviet trucks and bulldozers, are carving a new 9,000-ft runway out of a range of low hills. When they have finished, Grenada will at last be able to receive wide-bodied charter aircraft full of the tourists whom it is so anxious to attract.

Rarely can an airport have generated such international heat. The U.S., which has blocked a three-year IMF aid package for the island, fears that the \$40m runway is actually intended for Soviet aircraft which could use it to monitor the Caribbean tanker lanes or as a refuelling stop for ferrying Cuban troops on their way to Africa.

Some diplomats even speak darkly of a new Soviet submarine base being built at one tip of the island. I could find no trace of it and local fishermen say the sea in the area where the base is supposed to be under construction is too treacherous for anything much larger than yachts.

The cause for this concern is the political complexion of the People's Revolutionary Government led by Mr. Maurice Bishop, a 38-year-old London-trained barrister, who seized power in an almost bloodless coup in March 1978.

Mr. Bishop, and a small number of like-minded Grenadians, had opposed the autocratic and sometimes violent Government of Sir Eric Gairy, the former Prime Minister, who led the 110,000 people of Grenada to

independence from Britain in 1974. His florid administration had progressively alienated virtually the entire population. Scarcely anyone mourned his summary dispatch to exile in California.

The new Prime Minister promised early elections, but there has been no sign of them and the island has become a de facto one-party state. The Parliament, such as it was, has been dissolved. New "People's Laws" are made by decree. The only newspaper has been shut down for "irresponsible" reporting (although other Caribbean papers remain on sale in the island).

Two of Sir Eric's Ministers and about 100 of his supporters are still held in the old British prison high above St. George's, the capital. None of them has yet gone to trial. But a number of other detainees have been released or tried and sentenced.

Most governments in the region dislike the Left-wing tone of the Bishop regime and the absence of elections. Among other things, this has led to a war of words with neighbouring Barbados.

None of this seems to worry Mr. Bishop. His primary concern is the woefully poor country he has inherited and the economy which has been running down at an ever faster rate. With unemployment well above 35 per cent, the island depends on three basic crops—cocoa, bananas and spices—and on tourism. All of them have proved vulnerable this past year to the vagaries of the world economy. In 1980, Grenada managed to earn only EC\$44m (\$20m) from exports against an import bill of EC\$135m.

The new Government has put particular emphasis on agriculture and on the airport and the expansion of tourism. To help finance some EC\$70m of capital

expenditure for 1981, Grenada has managed to obtain aid from a whole range of sources including Canada, Venezuela, Brazil, Iraq, the EEC and the United Nations, and, of course, Cuba.

In a confidential report in March, and IMF team concluded that "the fiscal situation has improved considerably." As a result, the country's budget was more or less in balance compared with the chronic deficits typical of previous years. The report recommended a three-year Extended Fund Facility loan of some SDR 6.3m, but when this came before the board of the fund in late March the U.S. successfully and unexpectedly blocked the request. Last week, the board compromised and voted to allow Grenada a one-year \$4m loan. The U.S. executive director abstained.

Mr. Bishop is contemptuous of the U.S. argument that the IMF three-year package was against IMF rules because the country's capital investment programme, including the airport, has not been formally approved by the World Bank.

He believes that the real reason for the U.S. action is that the Reagan Administration and Britain—which is refusing to give new aid until there are elections—are trying to starve Grenada of foreign aid and make its eventual economic collapse an example to the rest of the Commonwealth Caribbean.

His rhetoric is unabashedly anti-U.S. At public rallies, he leads his people in a new song written for the revolution entitled *Forward March Against Imperialism*. His friendship with Fidel Castro has been like a red rag to the Reagan Administration whose extreme sensitivity on matters Cuban needs no such encouragement.



Most Grenadians, however, have a rather different view of the Cubans. The airport, which has been a dream for 30 years, is wildly popular and even Mr. Bishop's fiercest opponents strongly support it. Cuba has also sent teams of doctors and dentists who have revolutionised the standard of medicine on the island.

Mr. Bishop himself scarcely behaves like a miniature Castro. The island's private sector has been left almost entirely alone and Mr. David Minors, the president of the Chamber of Commerce, says that relations with the Government have been easier than they ever were with Sir Eric.

But there are few signs of the new investment the island needs as the business community continues to "wait and see," although some hotel owners are talking of possible joint ventures with the Government. Relations with the island's powerful trade unions have meanwhile begun to show the first signs of strain and some union leaders think the Government may try to force them to accept low wage increases.

"Bishop is just hiding his time," one said. Perhaps he is. His failure to honour his election promise has damaged his credibility even though many Grenadians readily acknowledge that elections under Sir Eric could hardly be said to have been free of Government interference.

But the Prime Minister

argues that, with Sir Eric still vowing to return from exile, his own position is not yet secure enough for him to free or put on trial the men still held in gaol. He says that Grenada must find some alternative to the Westminster model for the future. Elections now would distract attention from much more urgent economic priorities.

He ridicules the notion that Grenada wants to turn itself into a Soviet client state. "We will not accept any suggestions that we should be a satellite of anyone," he says. No one but Cuba was willing to give so much aid for the airport, he adds, nor would any other country send doctors and dentists.

Internationally, for all the rhetoric, it is hard to escape the feeling that Mr. Bishop knows that he needs all the friends—in both East and West—that he can get. "The greatest mistake the West could make would be to push him into a corner with Russia and Cuba. He should be judged by what he has done, not by what he says," one experienced former politician said.

The Bishop regime still seems popular with a clear majority of Grenadians. Blaming him for a lack of resources and determined to avoid the financial profligacy of the Gairy years, it can only make slow progress particularly in its attempt to revive farming. But some progress may be better than none.

Brazil pledge to fulfil nuclear accord with Bonn

BY ELGIN SCHROEDER IN BONN

BRAZIL yesterday pledged to fulfil the \$150m (\$250m) nuclear co-operation agreement with West Germany, signed in 1975, for the supply and construction in Brazil of eight nuclear reactors—despite scepticism about Germany's nuclear know-how.

The pledge was given by Sr. Joao Figueiredo, the Brazilian President, before leaving Bonn after two days of talks. At the same time, a 10-year, DM 140m (\$33m) loan was extended to Empresas Nucleares Brasileiras (Nuclebras), Brazil's state-owned nuclear energy company, by the Kreditanstalt fuer Wiederaufbau (KfW). Intended for further investment in the Brazilian nuclear energy programme, the loan was signed in Frankfurt in the presence of Sr. Delim Neto, Brazil's Planning Minister.

President Figueiredo's visit focused

heavily on German-Brazilian economic relations.

West Germany is Brazil's fifth most important supplier country and, of the EEC countries, the biggest importer of Brazilian goods.

Last year Brazilian-German trade volume reached DM 5.7bn. West German direct investment in Brazil was roughly DM 5.3bn, second only to the U.S., and represents more than 80 per cent of total German direct investment in Latin America.

But the quelling of doubts about the future of German-Brazilian nuclear collaboration has not removed all problems between the two countries. Brazil's high inflation rate, coupled with interest rates of between 110 per cent and 200 per cent, has caused great difficulties for some German subsidiaries based there.

EEC moves to counter 'dumped' U.S. plastics

BRUSSELS — The EEC, preparing for talks with the U.S. on measures to counter alleged U.S. dumping.

The EEC Commission imposed a 38 per cent temporary anti-dumping duty on U.S. textured polyester cloth after a complaint from European companies that American undercharging was damaging their industry.

It also increased a provisional anti-dumping duty on styrene monomer, a key chemical for the plastics industry, to 14.8 per cent from 4 per cent.

The cases are among more than 12 lodged by European companies charging that U.S. energy pricing policy gives companies an unfair advantage. Provisional duties can be imposed while the Commission completes dumping investigations.

W. Germany 'in line for Saudi deals'

By Jonathan Carr in Bonn

WEST GERMANY companies stand a better chance of gaining contracts from Saudi Arabia than at any time over the past 18 months, according to leading Saudi officials visiting Bonn.

The comment by Mr. Fayed Badr, president of the Saudi State Port Authority, comes three weeks after Chancellor Helmut Schmidt's visit to Riyadh, during which intensified economic co-operation was a key discussion topic.

Mr. Badr, who held talks here with Count Otto Lambsdorff, the Economics Minister, stressed that the Saudis had always prized the high quality of German exports, but that German prices had not always been sufficiently competitive.

The decline of the D-mark against the Saudi riyal by about 25 per cent over the 18 months was helping to correct this problem, Mr. Badr said, thus boosting German export prospects.

New Saudi port prospects in which German companies stand to gain further business include the extension of the harbours at Jeddah and Yanbu on the Red Sea, and at Jubail on the Gulf.

GM in Taiwan joint venture

TAIPEI — General Motors has signed an agreement with a bank to form a joint venture company to produce heavy duty trucks, buses and diesel engines.

Called Hsu Tung Automotive Corporation, the venture will be set up early next month. GM will have a 45 per cent stake. Taiwan Machinery Manufacturing 34 per cent, Central Investment Holding 15 per cent, Bank of Communications 5 per cent, and China Steel 1 per cent. Total capital investment of the joint venture exceeds \$120m.

From an expected start-up in September, Hsu Tung will produce about 3,000 heavy duty trucks and buses a year. Eventual production, however, will be 10,000 a year when the Hsu Tung plant at the Chungli Industrial Park is completed by the end of 1983. The joint venture will also produce 15,000 diesel engines a year.

Reuter

Electricity and gas swap agreed by Netherlands

BY CHARLES BATCHELOR IN AMSTERDAM

A MAJOR WEST German electricity company, Vereinigte Elektrizitätswerke Westfalen (VEW), will meet part of the higher price of Dutch natural gas by supplying electricity to the Netherlands.

Dutch gas accounts for half of VEW's fuel requirements, far more than most other German utilities, and VEW would have experienced difficulties in paying all of the recently negotiated 14 per cent price rise for Dutch gas, the Dutch said. Coal accounts for the remainder.

The German company will pay a discount price for Dutch gas during the 1980s and in turn supply about 700mw of electricity worth an estimated FF 1.5 (\$25m) between 1990 and 2000.

VEW will accelerate its power station construction plan, so as to have sufficient capacity to supply the Netherlands, the Economics Ministry said.

VEW has also agreed to give preference to Dutch companies to supply components for one new power station, provided the Dutch tenders are competitive.

Britain hit by falling sales to Emirates

BY BRIAN GROOM IN DUBAI

CONCERN is growing over the UK's falling share of exports to the oil-rich United Arab Emirates, where recent visits by Mrs. Margaret Thatcher and other Ministers have served partly to publicise the opportunities open to British businessmen.

British figures show that in January, 1981, UK exports to the UAE were 18.2 per cent down at \$42.8m compared with the preceding January. While British sales to Abu Dhabi in-

creased marginally, exports to Dubai slumped by 39 per cent to only \$28.3m.

According to Dubai Chamber of Commerce statistics, for the whole of 1980 Britain's market share in the northern emirates, including Dubai, fell from 16.89 per cent to 12.3 per cent.

The downturn is largely attributed to a decline in construction work in Dubai and the northern emirates, where major projects are nearing completion and where Britain had a good share of the business.

Japan wins \$800m Indonesia LNG deal

BY RICHARD COWPER IN JAKARTA

A JAPANESE consortium led by Chiyoda Chemical Engineering is to construct two liquefied natural gas production units at Indonesia's Arun LNG plant in north Sumatra.

The expansion is likely to cost over \$800m (\$300m) and is due to be completed by 1983. The contract, signed by Chiyoda and Mitsubishi and

Pertamina, Indonesia's state-owned oil company, means that in less than five weeks Pertamina has committed itself to spending over \$4.7bn on major petroleum projects during the next three years.

Indonesia is the world's largest exporter of LNG and the biggest oil exporter east of the Persian Gulf.

Since April 14, Pertamina has signed contracts worth a total of almost \$3bn with foreign companies for major expansions to three existing oil refineries which should double the country's existing refinery capacity by 1984/5.

The contract with Chiyoda and Mitsubishi was concluded on a cost-reimbursable basis

against French exports. Less extreme action could involve increasing Eximbank's loan authorisations or the establishment of an Eximbank war chest of funds specifically to compete with France. Meanwhile, the U.S. is maintaining its policy of breaching the Consensus selectively by offering loans outside the maturity limit.

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Reagan blunders on social security

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PRESIDENT REAGAN may have committed his first serious political mistake in proposing last week that social security retirement benefits be reduced. Adverse public reaction to his plan appears to have played at least a contributory role in Tuesday's special congressional election in the fifth district of Maryland, mostly comprising the Washington suburbs, which saw the Democrats retain the seat quite comfortably.

Mr. Steny Hoyer won 55 per cent of the vote against 43.5 per cent for Mrs. Audrey Scott, the Republican candidate, who had received extensive assistance from the White House in her campaign, as well as from the national Republican Party.

This support tended to make the election a mini-referendum on the President's policies.

Given the three-to-one edge in voter registration that Democrats enjoy in the district and the popularity of the previous office holder, Mrs. Gladys Spellman, Mr. Hoyer's victory was hardly surprising, but reports from the field on Tuesday night referred repeatedly to opposition to cuts in social security of the dimensions outlined by the Administration last week.

The voter turn-out of nearly 50 per cent was much higher than expected. It worked in Mr. Hoyer's favour.

At a national level, the bloodied and bowed Democratic Party appears finally to have achieved a semblance of unity over the social security issue. All 47 of its senators pledged on Tuesday to "use every rule

in the Senate book" to defeat Mr. Reagan's proposals. In more emotional terms, Senator Daniel Patrick Moynihan, from New York, charged that the Administration was prepared to "take orphans out of orphanages" to pursue its purpose of cutting spending.

The Democrats were unable to propose any immediate alternative to the President's proposals which the Administration claims, are necessary to save the social security system from bankruptcy. But their onslaught, combined with reservations known to be held by many Republicans, has already induced the White House to back away from its initial insistence on early action.

Congress is faced with two separate social security problems. The more modest cuts in benefits for the next fiscal year, which are part of the overall economic package, are encountering little difficulty in the legislature. On Tuesday the House Ways and Means Committee approved some \$9bn in cuts, such as the Senate Finance Committee had earlier.

But the President entered a new dimension with his proposals last week for more radical surgery—above all with the proposal that those who choose to take early retirement at 62 would only receive 55 per cent of maximum benefits rather than the 80 per cent of current law. This, his critics claim, is tantamount to breaking a contractual relationship between the Government and the people.

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Comptroller defers to bank critics

GOVERNMENT proposals to tighten up capital adequacy rules for U.S. banks have been scrupled following criticism from the banking industry, and are to be replaced by more lenient proposals, David Lascelles reports from New York. The Office of the Comptroller of the Currency, which regulates U.S. banks, is expected to announce the changes soon.

The office said last summer that as part of a concern about capital adequacy it wanted to eliminate the provision for loan losses entirely and to eliminate subordinated debt.

The banks complained that their loan loss provision usually far exceeded actual losses and that the funds it represented could safely be included in the capital definition. They also argued that subordinated debt gave it many of the characteristics of equity capital.

The new proposals will allow banks to count their entire loan loss provision for capital adequacy purposes. On subordinated debt the Comptroller's office criticised the Bank of England and is proposing rules akin to the British system under which this debt would be amortised over the last five years of its life.

CIA changes mind
The U.S. Central Intelligence Agency has increased its estimates of how much oil the Soviet Union will produce in the 1980s, Reuter reports from Washington. The agency suggests output in 1985 will be about 10m to 11m barrels a day compared to a 1977 estimate of 8m-10m b/d.

Latin America summit planned

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

SOLUTIONS to the military and economic crises enveloping central America are to be sought at a conference of central and south American leaders which, it is hoped, will be held in Mexico City in August. The regional summit has U.S. backing and the support of the left-wing Sandinista Government of Nicaragua as well as the middle-of-the-road Costa Rican Administration of President Rodrigo Carazo.

Though the interests of the participants are varied, all appear to want a meeting to reduce the tensions which have caused tens of thousands of deaths in the past year and brought war between Nicaragua and Honduras very close.

Washington is in favour of the gathering if only because it would give its ally, President

Jose Napoleon Duarte of El Salvador, his first chance to shine in an international arena and would also allow the Reagan Administration to forge a closer relationship with the military regime of General Romeo Lucas in Guatemala.

Until recently Gen. Lucas has been unwilling to take part in discussions with the U.S. on the covert civil war which is going on in his country. The General and his colleagues were upset by the Carter Administration's condemnation of Guatemala's human rights record. It is not yet clear whether the Guatemalans will attend the Mexico City talks but it is thought to be likely.

Mexico and Venezuela are both keen for another opportunity to express their opposition to further U.S.

intervention in central America. Both countries also want a brake to be put on Cuban and Soviet involvement in the region.

The Honduran Government of Gen. Policarpo Paz sees the conference as an opportunity of voicing its fears of the build-up of military forces in El Salvador, Honduras's long-time rival and at the growing strength of the Nicaraguan Sandinistas.

The Sandinistas, for their part, are making every effort to mend their fences with their neighbours and to strengthen relations with Mexico and Venezuela.

President Carazo may be helped by his country's deep economic and financial crisis although he would prefer the summit to be held in Costa Rica.

Paul Cheeseright reports on a long-running battle for reform involving the EEC, Japan and the U.S.

Deadlock persists in dispute over export credits

RESOLUTION of the international dispute about the level of interest rates for exports credits is unlikely before the autumn. The issue, a source of contention between the EEC, Japan and the U.S., has been caught up in more general trade disputes.

The recent meeting in Paris, under the auspices of the Organisation of Economic Co-operation and Development, of these three major trading powers and ten other industrialised nations to discuss the issue broke up without reaching decisions.

Another meeting may be called in July, but detailed discussions are not expected until October, by which time French policy under the new leadership of M. Francois Mitterrand is expected to be clear.

The central question is whether to change, and if so, in what manner, the 1978 Arrangement on Guidelines for Officially Supported Export

Credit, known as the Consensus. The Venice economic summit of last June set December, 1980 as the target date for reform. Deadlock at successive meetings since then has relegated that policy direction to the level of pious hope.

Reform was thought necessary at Venice because the conditions laid down in the Consensus for the grant of export credit had lost touch with the movements of the markets. The Consensus established a pattern of interest rates related to the maturity of the loan and the nature of the country to which the credit was being offered.

This pattern of interest rates, last changed in July, 1980, is set between 7.5 and 8.75 per cent. But market rates for commercial credits have in some countries climbed to double that rate of interest.

This has led in turn to extensive subsidy by some European governments, notably the UK and France, to bridge the gap between the rate offered to

borrowers and actual cost of the funds. In the UK, in the year to last March, the interest rate subsidy is estimated to have been about \$500m.

But what the 1978 Consensus did not provide was a system for change in the face of altering market conditions. This inflexibility is at the heart of the so far abortive reform discussions. The latest Paris meeting, delegates noted, was simply "a replay of the December meeting."

Talks turned around the competing positions of the EEC, the U.S. and Japan. But the EEC position, built around the lowest common denominator provided by France, is against any sweeping change. It is prepared to accept minor upward change in the pattern of interest rates and to talk about review every six months.

The U.S., traditionally opposed to subsidies, has agreed to accept a common pattern of interest rates for all the Consensus adherents, but wants that pattern of interest rates to

be worked out on the average of money market rates for each currency. At the same time it seeks automatic change in the interest rates as the market conditions change.

Japan, with a lower level of domestic interest rates than many countries in Europe, or, indeed, the U.S., wants the freedom to offer officially backed credits from its Export and Import Bank at levels lower than the Consensus rates.

Although all these positions are well established, the international conditions which surround them have changed since December in three ways.

First, the climate of commercial relations between the EEC, Japan and the U.S. has deteriorated. While the U.S. seems to be taking a relaxed view of the Japanese demands, the EEC is adamant in its opposition to permitting the Japanese freedom for making credits at below Consensus rates, even though Japanese domestic rates may be lower than the Consensus level.

In the mid-1970s, when the interest rates pattern of an earlier Consensus were closer to the market rates, the grant of credits by countries with domestic rates lower than the Consensus was not a problem. Now, however, the EEC sees the Japanese demand as an attempt to gain unfair commercial advantage.

There are suggestions that the EEC is seeking to trade off concessions on export credits against concessions from Japan in other trade policy areas.

If that is the case, then the export credits issue has been caught up in a political morass from which extraction will be difficult. It is thought that on the technical issue alone it would take at least three months to sort out the Japanese question.

The second change in the international conditions has been the change of leadership in France. It is not clear whether M. Mitterrand's new Government will be as rigid in its determination to maintain

the status quo as its predecessor. However, there is a feeling in the U.S. that the French election result is being used as an excuse by the EEC to avoid substantive negotiation.

The third change is the stiffening of the U.S. position under the Reagan Administration. That is to say, the U.S. attitude, its animosity towards France, has become tougher diplomatically while the ability of the U.S. Export Import Bank (Eximbank) to compete with the Europeans has become weaker because of its lower loan authorisations and lack of top management.

U.S. officials feel that they cannot compromise further. They argue that the U.S. gave way on maturities in 1978 and that, in the current reform discussions, it has already backed away from its preference for export credit interest rates to be denominated individually according to the structure of domestic money market rates. At the same time, U.S.

officials are under growing pressure from industry and Congress to use Section 301 of the 1974 Trade Act against the EEC in general and France in particular.

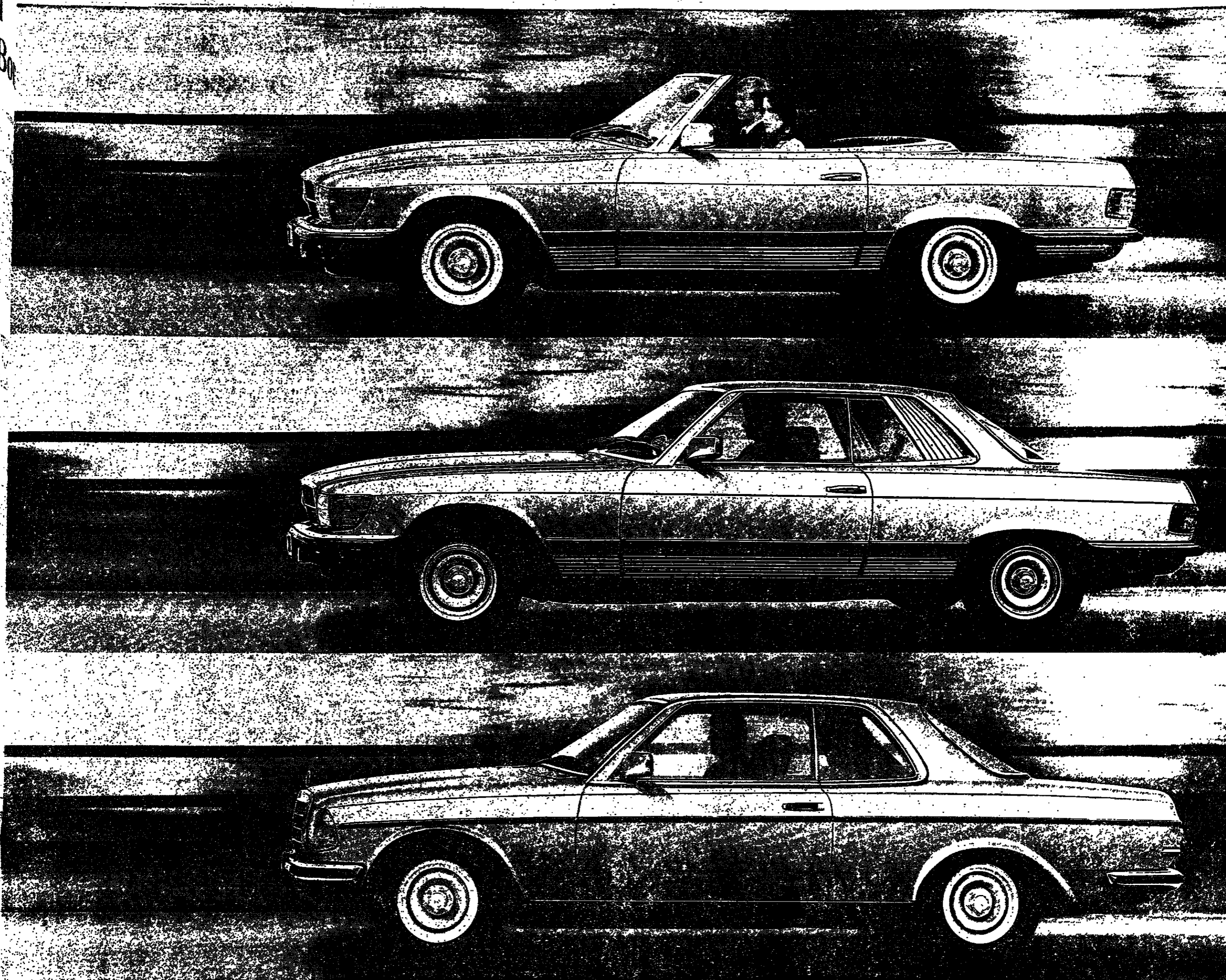
This specifies that, if the President finds the practices of other nations are unreasonable in that they hinder or restrict U.S. commerce, retaliation can be taken. If Section 301 should be used, it could mean that direct action would be taken.

against French exports. Less extreme action could involve increasing Eximbank's loan authorisations or the establishment of an Eximbank war chest of funds specifically to compete with France. Meanwhile, the U.S. is maintaining its policy of breaching the Consensus selectively by offering loans outside the maturity limit.

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Comparisons with coupés of other makes or with spartan sports cars and temperamental 'exoticars' have little meaning.

Technical abstracts are shown below for the two-seat SL's (that convert magically from fully-closed coupés into open sports cars) the two-plus-two SLC's and the four-passenger CE coupés.

There's no need to buy these cars 'off the peg'. In fact, they are customarily tailored to each owner's precise wishes in terms of paintwork, upholstery and special equipment.

A Mercedes-Benz coupé is a possession without counterpart elsewhere in the motoring world.

The least reckless supercars.

Your SL or SLC may carry you towards the horizon on unrestricted continental highways at close to 150mph.

Yet you travel in splendid calm, free of the tensions such inordinate performance might be expected to entail.

The luxury that surrounds you is not empty hedonism but a synthesis of features calculated

to obviate stress, optimise driving efficiency and defuse aggression.

The spectacular, understated wedge profile of your car has been designed initially not to turn heads but to cleave the wind so quietly that you could listen to Vivaldi whilst cruising effortlessly at the legal speed limit.

Its latest aerodynamic refinements reduce drag by 5% and increase front-end downforce by 30%, furthering economy and stability.

And the light alloy V-8 (which Motor Sport calls "a masterpiece of modern technology") or fuel-injected, twin overhead camshaft, six-cylinder engine under your command is as tireless as it is understressed.

The sanest sophisticates.

Extraordinarily, the svelte and athletic pillar-less CE coupé you might alternatively choose, affords four adults the ample interior room and generous luggage space needed for long-distance motoring be it for business or pleasure.

No other coupé comes close to its combination of elegance, comfort, quietness and intrinsic practicality.

Years from now, your CE's classic form and flawless finish will still excite admiration.

And the 2.8 litre model (with the same high-technology six-cylinder engine as is available in

the 280 SL and 280 SLC) or the 2.3 litre model (fuel-injected four-cylinder engine) will carry you smoothly and effortlessly.

Pleasure without pain.

The corollary of performance must always be safety, and your Mercedes-Benz coupé runs as far ahead of world safety legislation as it does of everything else on the road.

Its massively effective passive safety system apart, your car is designed actively to help you evade accident situations.

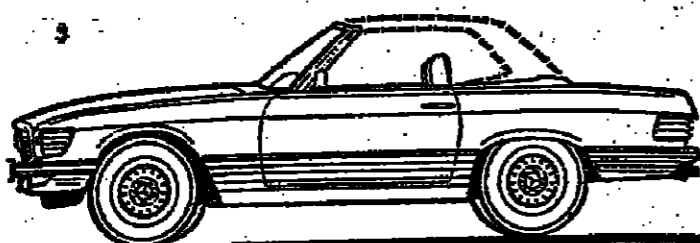
Trailing arm independent rear suspension, two wishbones with coils in the front and zero-offset steering hold it on course (even better than the legendary Mercedes-Benz competition cars of past eras). The air you breathe can be changed every 25 seconds.

Optional, electronic ABS anti-lock braking allows you to steer round obstacles while panic-stopping from 100mph in the rain.

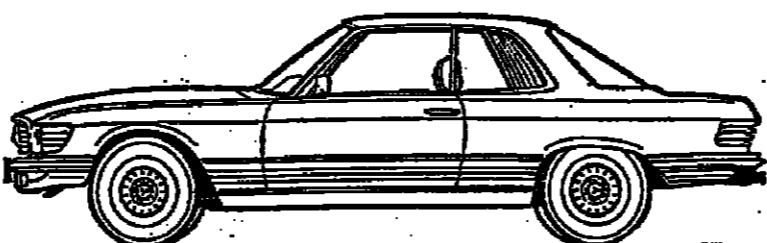
If you would like to drive this special kind of Mercedes-Benz, your local dealer will be happy to arrange for a car to be made available. But, remember, the only decision you need to make is between one Mercedes-Benz coupé and another, and that is a delicious dilemma.



ENGINEERED LIKE NO OTHER CAR IN THE WORLD.

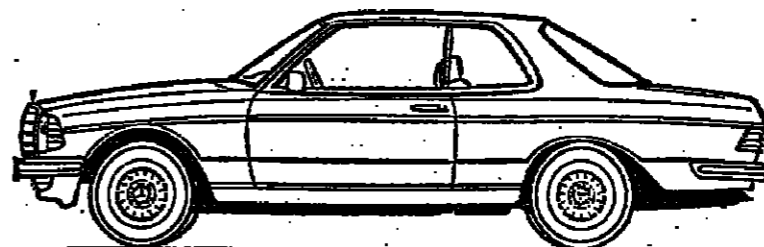


SL: 2-seater convertibles with detachable hard tops.
500 SL: 5 litre V-8, 240 DIN/h.p., 0-62mph in 7.8 secs., top speed 140mph.
380 SL: (illustrated): 3.8 litre V-8, 218 DIN/h.p., 0-62mph in 9.0 secs., top speed 134mph.
280 SL: 2.8 litre 6 cylinder, 185 DIN/h.p., 0-62mph in 11.0 secs., top speed 121mph.



SLC: 2+2 seater fixed-head coupés.
380 SLC: (illustrated): 3.8 litre V-8, 218 DIN/h.p., 0-62mph in 9.0 secs., top speed 134mph.
280 SLC: 2.8 litre 6 cylinder, 185 DIN/h.p., 0-62mph in 11.0 secs., top speed 121mph.

Alloy wheels standard on 500 SL, optional extra on all other models.



CE: 4-seater fixed-head coupés.
280 CE: (illustrated): 2.8 litre 6 cylinder, 185 DIN/h.p., 0-62mph in 11.8 secs., top speed 121mph.
230 CE: 2.3 litre 4 cylinder, 136 DIN/h.p., 0-62mph in 11.5 secs., top speed 112mph (manual).

UK NEWS

Press freedom advocates score a victory

THE ADDITION to the Contempt of Court Bill of a clause giving journalists a limited statutory right not to disclose their sources of information is a victory for advocates of Press freedom.

The acceptance by the Government of the new clause—an eleventh hour addition to the Bill at the end of its committee stage—is an indication that the concern aroused by the case of Granada Television and the British Steel "mole" was well-founded and required a modification of the law.

The clause says: "No court may require a person to disclose, nor is any person guilty of contempt of court for refusing to disclose, the source of information contained in a publication for which he is responsible, unless it is established to the satisfaction of the court that disclosure is necessary in the interests of justice or for the prevention of disorder or crime."

By specifying areas in which disclosure will be ordered, the

Raymond Hughes on the Contempt of Court Bill

clause widens the discretion of judges to refuse to order disclosure in other areas.

There is, however, a catch: the phrase "necessary in the interests of justice."

Those six words will give judges great latitude. They could decide, for example, that it was in the interests of justice that a public corporation such as British Steel or, indeed, a company, should know the identity of an employee who was leaking its confidential information.

The press would be well-advised to restrain its euphoria over the new clause until that grey area has been tested in the courts.

The courts will also have to decide who is meant by the "person... responsible" for a publication. Is it to be the author of an article, his editor, or the proprietors of the newspaper or television company?

The new clause apart, the Bill,

described by Lord Hailsham as "my little ewe lamb," emerged from the committee stage essentially unscathed, though substantially trimmed.

Its opponents have managed to prise some concessions from the Government—more than at one time seemed likely, but, in the eyes of its critics, it remains unduly restrictive—still more wolf-like than the Lord Chancellor's soothing appellation sought to suggest.

Moving the Bill in the House of Lords, Lord Hailsham said it was "a liberalising measure and intended to be one." It would make the law of contempt clearer and enable newspapers to know where they stood.

The intention was to implement the major recommendations of the Phillimore Committee for reform of the law and ensure that UK law conformed with the European Convention on Human Rights.

One success has been over

the contentious proposal to extend the High Court's powers to punish for contempt to "all inferior courts, tribunals and bodies (however described and whenever established) which are constituted by law and exercise any part of the judicial power of the State."

Sir Michael Havers, QC, the Attorney-General, defended the clause, but said that, because of press anxiety, he would try to draw up a list of courts and tribunals to which the clause would apply, by the time the Bill reached its report stage.

Sir Michael intimated that if he were unable to compile a satisfactory list, he might withdraw the clause altogether.

Critics are worried by the unspecific nature of the clause, as well as what they regard as its intrinsic undesirability.

The Guild of British Newspaper Editors said: "If the Government cannot say what proceedings are covered, how

are editors expected to divine what they are?"

A potentially useful amendment has been made to the "strict liability" rule, which makes it contempt to publish anything "which creates a substantial risk" ("substantial" having been added in the one amendment made to the Bill by the House of Lords) "that the course of justice in the proceedings... will be seriously impeded or prejudiced."

Pressure in committee extracted from the Government the concession that cases could be brought under the rule only with the authority of the Attorney-General.

The amendment should significantly reduce the number of contempt actions against newspapers under the clause. It was welcomed by an Opposition legal spokesman as ensuring uniformity in decisions about whether or not such proceedings should be initiated.

The committee also curbed the power the Bill gives judges to order postponement of reports of court hearings.

Highland development plans 'at record level'

Financial Times Reporter

MORE THAN 600 applications for assistance were lodged with the Highlands and Islands Development Board, says Rear Admiral David Dunbar-Nasmith, the chairman, in his foreword to the annual report published yesterday.

Development proposals for the area were running at record levels, and this year's assistance applications totalled at most £11m. This was "the best sign we could have of the continuing confidence which we now 'well placed' to take advantage of an upturn in the economy."

Last year's investment of £12.3m in new and existing businesses was slightly below the 1979 figure and about £7m below the record 1978 figure. The private sector's contribution to development in the area brought total investment up to £38m—again slightly below the previous year.

Last year's loans and grants are expected to create or retain over 1,600 jobs, an important consideration in a part of the country where communities are small in number and distances between towns great.

Over the past 10 years, joint investment by the board and private interests have amounted to £382m (at 1980 prices) and provided or retained nearly 20,000 jobs. Retention of jobs is important because it helps prevent rural depopulation.

Admiral Dunbar-Nasmith warns in the report that the ability to resist the recession can be maintained only by continuing investment.

New ideas are constantly required. Those with the best chance of success are likely to be based on natural resources. But the biggest single factor in determining success is the personality and capability of the individuals carrying out the development," he says.

Highlands and Islands Development Board, Fifteenth Annual Report. £3.00.

1985 jobless 'certain to exceed 2.5m'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

NO POLICY package is capable of reducing unemployment much below 2.5m by 1985, a group of Warwick University economists claim in a report published today.

An economic review by the Manpower Research Group at the university examines the outlook for jobs up to 1985 in 49 employing activities, 18 occupational groups and 12 regions.

The conclusion is that registered unemployment will rise to 3m in 1983 and remain at that level, with a further 600,000 unregistered unemployed.

The Warwick group says that the only way in which unemployment could be reduced substantially—say to 1.5m—would be through the introduction of severe import controls, though this is not advocated.

The economists maintain that conventional policy will not be enough to revive British industry, although a reflationary package which would help the supply side directly by reducing industry's costs and unemployment by about 500,000.

The group calls for a medium-term policy dealing

with education and training for young people beyond school-leaving age and adults: the balance between subsidies to capital and labour; the use of employment subsidies in relation to direct job creation; income policy; and the role of the government as the main agent in the labour market.

Among the detailed points made are that employment will drop by 1.1m to 34.63m between 1980 and 1985. This will mainly reflect a decline of 700,000 in manufacturing.

The largest proportionate fall will be in mechanical engineering, where employment is expected to drop by 4.1 per cent a year, with metals 3.6 per cent lower and a 3.4 per cent decline in textiles.

The share of manufacturing in total employment is expected to be 36.4 per cent in 1985 compared to 30.2 per cent in 1975.

During 1980-85 only 50,000 of the total loss of 1.1m jobs are likely to occur in non-manual occupations.

"Review of the Economy and Employment," published by the Manpower Research Group, University of Warwick, Coventry, CV4 7AL, £3.50.

Major gallery purchase

THE National Gallery has paid the Earl of Halifax a sum thought to be well over £1m for a 15th century German painting, it was announced yesterday.

It is understood that the Earl sold the painting—thought to be the central panel of a triptych—to meet capital transfer tax after the death of his father last year.

The late Earl of Halifax, a leading racehorse owner, left an estate valued at £2.5m.

The panel, entitled "The Deposition" by an unknown artist referred to as the master of the Saint Bartholomew altarpiece, was sold by private treaty.

It is said to be comparable in importance to "The Resurrection" by Dirk Bouts, an early-renaissance masterpiece which

last year fetched £1.7m at auction. "Deposition," which depicts the body of Christ being lowered from the cross after crucifixion, had been on loan to the gallery since 1963.

The sale, completed through Christie's, was financed from the National Gallery's 1981-82 £2.83m purchase grant voted from public funds by the Government.

Sir Michael Levey, director of the National Gallery, said: "We believe this method of purchase, by which the owner receives a sum free of all tax and the gallery avoids pointless expenditure, is much to be encouraged."

Private treaties are also seen as an inducement to sell to a national institution, and the scheme therefore avoids the possibility of art treasures going abroad.

Government to pay for cycle projects

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE GOVERNMENT is prepared to meet the entire cost of experimental projects for cyclists drawn up by local authorities, according to a long-awaited consultation paper on cycling to be published today.

The Transport Department is prepared to pay for experiments aimed at enabling cyclists to pedal safely through busy urban road junctions.

Already the Government has paid half the £100,000 cost of the new Greater London Council cycle route from Paddington to Battersea, the so-called "Ambassador" cycle route through Hyde Park in central London.

Other local authority schemes for cyclists have been introduced in Chichester, Middlesbrough, Bedford, Chelmsford, Peterborough, Harlow and York.

Some of these projects which have led to cycle-ways have been supported by the Government. The Transport Department has met the whole cost of the experimental part of the schemes.

The Government is also understood to be considering appointing regional cycling officials to ensure that the needs of cyclists are taken into account when trunk roads are designed or improved.

The Government is less posi-

tive about the prospects for segregated cycle routes. An earlier guide from the Transport Department and the Welsh Office, "Ways of helping cyclists in built-up areas," said these routes could normally be provided only where comprehensive redevelopment was planned.

However, today's paper says cycle lanes could be marked on existing carriageways relatively cheaply. The width of cycle lanes and other aspects of design are also covered.

The Government also favours more use of disused railway tracks as cycle routes. At least two of these have been

developed, the Bath to Binton cycle way and a route along the Tissington and High Peak trails in Derbyshire.

A study has been commissioned by the Transport Department of which other routes would be suitable for conversion into cycle ways.

The Government is also considering whether to require all new bicycles to meet new standards for cycle construction, lighting and braking performance. It is expected to reconsider the law which bans the use of left and right turn indicator lights on bicycles.

More than 300 cyclists died on the roads last year and 20,000 were injured.

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Record prices at New York auction

CHRISTIE'S sales of Impressionist and modern pictures in New York this week have begun well with a two-day total of \$14,308,761 and many records. Most notably, \$186,666 secured Francis Bacon's triptych in memory of George Dyer painted in 1971. This is a record for the work of any living British artist.

On Tuesday night, an auction record price for a painting by Degas of \$2.2m was paid by a private collector. It was for a portrait of Eugene Manet, a brother of the artist Edouard Manet, and was given to the

sitter as a wedding present. The price beats the previous record for a Degas by \$1m.

SALEROOM

BY ANTHONY THORNCROFT

Two other artist records were the \$180,952 from a London dealer which secured "Pont de Londres" by Andre Derain, and

the \$161,004 paid for "La clairière" a 1950 sculpture by Alberto Giacometti. "Mas a Sainte-Maries" by Van Gogh made \$1m. "Nature morte aux mangos" by Gauguin realised \$619,047. "Boulevard Montmartre" by Pissarro \$200,000; and "Femme au chapeau fleuri" by Matisse \$180,952.

The major disappointment to date has been the failure of "Le domaine" enlaid by eight paintings by Paul Magritte to find a buyer. Probably, this was because they are offered as a complete set.

Ray Dafter examines a report on the world market Oil prices 'should remain level'

A WHITEHALL study of world oil supply and demand suggests that oil prices should remain level or even fall in real terms over the next two years.

The unpublished appraisal of the market shows that there should be plentiful supplies to meet depressed demand at least until 1983.

But officials are concerned that accidents or political problems in major oil producing countries could quickly upset the balance in the short term.

Over the longer period increasing economic activity could again create a tight oil market, possibly as soon as the mid-1980s.

Although the study concentrates on world supply and demand, the findings provide the basis for the Government's view on oil prices and fuel costs in general.

For instance, Whitehall officials believe that the average price of crude oil—now \$35 a barrel—could rise to around \$60 a barrel (in 1980 prices) by the turn of the century. In money-of-the-day terms a 35-gallon barrel of oil could cost about \$120.

The study's short-term view of supply and demand shows that—barring some unforeseen problem—there should be little scope for major oil producers to raise prices in real terms before the end of next year.

Some leading members of the Organisation of Petroleum Exporting Countries are speculating that prices will be frozen when OPEC ministers meet in Geneva on Monday.

The Government's internal report of the oil market was prepared after extensive consultation with oil companies, overseas governments and international bodies such as the European Commission and the International Energy Agency.

This year, non-communist world oil demand is not expected to average more than about 46m to 46.5m barrels a day—about 1m b/d less than last year and around 9 per cent less than in 1979.

The Government's demand projections exclude estimates of the internal consumption of Iran and Iraq, now thought to be in the region of 800,000 barrels a day.

On the supply side, Government officials believe that the amount of oil available should be between 46.4m and 47m b/d, offering considerable scope for further stockpiling, evident in oil-consuming countries in 1979 and 1980.

The International Energy Agency in Paris estimates that stocks held by its member countries—essentially developed nations but excluding France—totalled 423m tonnes on April 1—enough to meet IEA requirements for at least three months. IEA oil demand in the second quarter is expected to be about 400m tonnes.

The Government assumes Saudi Arabia will maintain high output to create pricing unity within OPEC. The study indicates that the Saudi output should average 10m barrels a

day this year—more than 40 per cent of OPEC production.

Demand in 1982 expected to remain largely unchanged. However, the Government believes production may increase if Saudi Arabia maintains high output—9.7m b/d is forecast in the study—and Iran and Iraq manage to increase exports.

Under these assumptions it is possible to forecast a build-up of stocks of between 1m and 2m barrels a day—probably more than oil companies could absorb.

Whitehall believes that after recession, demand for oil will again begin to climb. They are forecasting a non-communist world oil demand of around 53m b/d in 1985 and about 60m b/d in 1990.

These forecasts contrast sharply with views expressed recently by some major oil companies—British Petroleum included—which have indicated that oil demand might not again rise much over 50m b/d.

Much will depend on whether the present depressed demand has been caused by lasting conservation measures or as a temporary reaction to high prices and depressed economic conditions.

Officials concede they will only be able to measure the success of conservation measures when economic activity picks up. In the meantime, they are working on the assumption that the oil supply and demand balance could become tight again in the second half of the 1980s. This would result in another surge of oil price rises.

NON-COMMUNIST WORLD OIL SUPPLY AND DEMAND*

	1979	1980†	1981	1982
DEMAND				
OECD countries	40.7	37.5	36.5-37.7	36.5-37.9
Other (excluding Iran and Iraq)	9.9	9.9	9.7	9.5
TOTAL	50.6	47.4	46.2-47.4	46.3-47.7
SUPPLY				
Non-OPEC (including East European net exports)	21.1	22.2	22.6	22.5
OPEC production†	30.6	26.2	23.6-24.4	23.8-25.7
of which: Iran/Iraq exports			1.2-1.8	1.5-3.5
Saudi Arabia			10.0	9.7
Others			12.0	12.5
TOTAL	51.7	48.4	46.4-47.8	46.3-48.2
Stockbuild/(draw) (exc. Iran/Iraq)	1.1	1.0	(1.0)-0.8	(1.4)-1.9
* Iran/Iraq consumption excluded.				
† Provisional.				
‡ Excluding Iran/Iraq production for internal use.				

Source: UK Government

National Freight loses £7.58m

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE state-owned National Freight Corporation, which the Government plans to denationalise, reported a net loss of £7.58m before extraordinary items for its final nine months of operation to September 30, 1980.

This poor result puts off the likelihood of it being denationalised this year.

The corporation ceased to exist on October 1 last year. Its assets, liabilities and businesses in road haulage, cold storage, travel and removals were transferred to the National Freight Company, formed under last year's Transport Act. The businesses include British Road Services, Pickfords Removals, National Carriers and the Tempo cold storage company.

The transfer, to a limited company formed and registered under the Companies Act 1948, marked the first stage of the Government's plan to sell NFC to the private sector.

The corporation made a £10.32m trading profit in the nine months period as a public corporation compared with the £12m trading profit made by the corporation in the first nine months of 1979. However this became a loss after interest payments to the Government and redundancy payments. The net loss of £7.58m for the period last year was almost twice the loss of £4.04m for the same period in 1979, when gross receipts totalled £327m compared with £242m for the nine-month period last year.

No sale of shares is expected before mid-1982. NFC derived the highest proportion of its revenue and profit from the last quarter of the calendar year and Sir Robert Lawrence, chair-

'W. German toolmaker results better than British'

By Hazel Duffy, Industrial Correspondent

WEST GERMAN toolmaking companies are achieving better results than UK counterparts because of greater operational efficiency rather than use of more advanced technology, says a comparative study published today.

The report is by the Gauge and Tool Sector Working Party.

Its introduction emphasises that this highly specialised industry is seen by other developed countries as vitally important to the realisation of the potential of new technology for realising mass production industries and thus creating more jobs.

The study committee visited eight companies in West Germany and nine in the UK.

It says the fundamental reason for better performance in West Germany is the way West Germans work together in a relatively unstructured manner but with very clear understanding of individual roles and a higher sense of responsibility to make money at all levels.

Toolmaking, a comparison of UK and West German companies. Free from NEDO Books, 1, Steel House, Telford, Shropshire TF11 9JL.

British Aerospace shows short haul craft

BRITISH AEROSPACE'S 146 four-engined feederliner aircraft was rolled out of its assembly hangar at the group's Hatfield, Herts, factory yesterday.

The aircraft is due to fly later this summer, and British Aerospace hopes to make hundreds of similar aircraft in the next 20 years.

The short-haul airliner, designed in two sizes to seat between 80 and 109 passengers, is aimed at a market which the group estimates will be 1200 airliners worth more than \$15bn by the early 1990s. The group expects to win at least 30 per cent of that market.

The 146 has this market all to itself and there is no immediate competitor on the horizon, but rivals are expected to emerge in the 1980s.

Confident

The aircraft comes between the 70 to 80 seat jets like the Fokker F-28, and the bigger 120 seat Boeing 737s.

It is designed to replace the big turbo propeller aircraft and the first generation twin-engine jets such as the One-Eleven and the Douglas DC-9.

British Aerospace is so confident of its market that it is spending up to £350m on the 146. More than £100m has been spent already on research, design, development and initial production.

It has firm orders for 13 aircraft with another 12 on option, worth about £150m in all including spares. The break even point on the production programme is about 250 aircraft.

Already 10 aircraft are taking shape on the assembly line at Hatfield. The first aircraft is due to get its certificate of airworthiness next year, and delivery to airlines will start later in the year.

By then about 12 aircraft will have been built. Three of these will have been involved in the

Michael Donne looks at prospects for the new 146



Sir Austin Pearce, BAE chairman, with the series 100 version of the 146.

ing spares. The break even point on the production programme is about 250 aircraft.

Already 10 aircraft are taking shape on the assembly line at Hatfield. The first aircraft is due to get its certificate of airworthiness next year, and delivery to airlines will start later in the year.

By then about 12 aircraft will have been built. Three of these will have been involved in the

flight test programme. Production will be running at about 3 aircraft a month, a rate which can be increased if the orders flow in the way the group hopes they will.

The target is to deliver about 18 aircraft to airlines by the end of 1982 or early in 1983. British Aerospace is confident it can reach this target. A big sales campaign is under way, and salesmen have visited more than

250 airlines.

The group believes it can win orders from as many as 60 to 70 airlines in the 1980s, so by the end of this decade there could be orders on the books for as many as 400 aircraft.

British Aerospace believes the 146 could become the best selling British aircraft yet built, eclipsing even the famous Viscount, of which more than 400 were sold.

Construction of the 146 is the second largest civil aircraft programme in Britain after the group's work on the A-300 and A-310 airbuses. Eventually it could eclipse the Airbus venture in the number of aircraft involved.

The price of the 146 is about \$11m per aircraft. The sales campaign is being conducted on the basis of high fuel economy and low noise. The Avco Lycoming ALF-502H jet engines have a "noise footprint"—the ground area affected by noise at take off and landing—which is about half that of present-day turbo propeller airliners. These aircraft are already the quietest aircraft in the sky.

Very quiet

To be a "good neighbour" airliner at the small local airports the 146 will use, it must be exceptionally quiet.

The aircraft's four engines are said to be amongst the most fuel efficient developed for any airliner.

Seven British factories are working on the aircraft: Brough, Chester, Bristol, Manchester, Prestwick, Weybridge and Hatfield. More than 7,000 workers are employed on the project and this number could increase as the orderbook grows.

The aircraft will be built in two versions, the series 100 seating about 80 passengers, and the series 200 seating up to 109. Eventually there could be a military version for troop transport and other duties.

Rescue diver 'went wrong way' in search for bell

A RESCUE diver, who was trying to find a diving bell on the seabed which had separated from its main lift wire, went in the wrong direction, an inquiry heard in Aberdeen yesterday.

The diver from the support ship Stena Welder was trying to find the bell containing two American divers after a previous attempt to hoist it to the surface had failed.

Mr. Peter Holmes, diving superintendent aboard the lost divers' vessel Wildrake, said the rescue diver had a problem communicating with the Stena Welder and had no light with him.

He was tracking the umbilical lifeline of the lost bell which was lying on the bottom. But because of the large amount of slack in the cable he was following it in the wrong direction.

Mr. Holmes said he could not go the other way because it led too far into the distance. Eventually the Stena Welder had to be moved closer to the Wildrake bell.

Two diving trips were necessary to find the lost bell, which

BP raises oil product prices

By Ray Daffer, Energy Editor

BRITISH PETROLEUM has raised the price of its major oil products—with the exception of petrol and diesel sold to the general public—by between 0.9p and 2.3p a gallon.

The move, announced yesterday by the group's BP oil subsidiary, follows similar increases by other suppliers.

BP Oil said the increases were an attempt to recover losses in the UK oil market and to offset partially the recent fall of sterling against the U.S. dollar.

The increases are: commercial petrol up 1.4p a gallon, commercial derv 2p, burning oils 2.3p, gas oil 0.9p, light fuel oil 1.4p, medium fuel oil 1.8p and heavy fuel oil 2.3p.

Shell, Esso, Mobil, and Texaco are among other companies which have announced similar increases.

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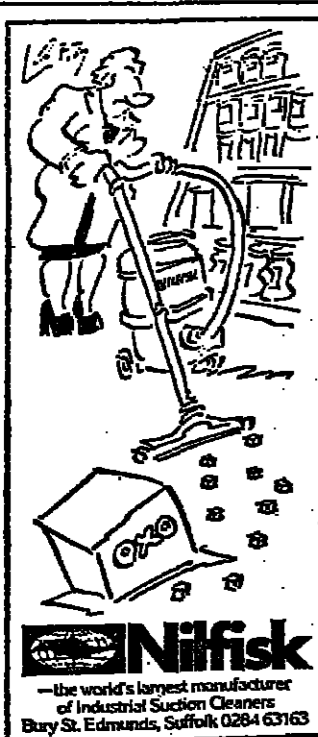
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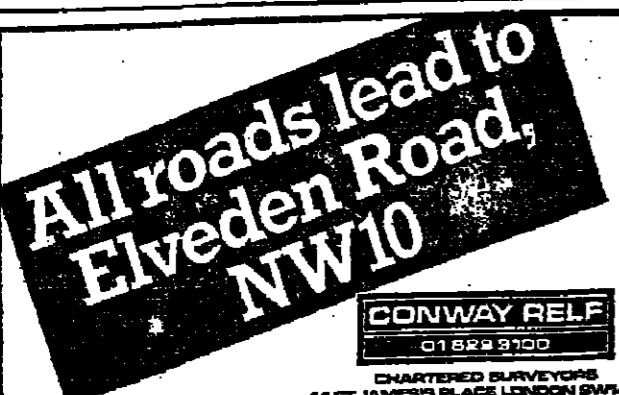
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UK NEWS

Robin Pauley on the row over plans to punish overspent councils

Storm over £900m grant cuts

A SPECIAL Cabinet committee will meet today to put the finishing touches to plans to axe £900m in grants from local authorities as a penalty for overspending. A storm of protest has broken over the severity of the measures.

Mr. Jack Smart, chairman of the Association of Metropolitan Authorities, yesterday called for the resignation of Mr. Michael Heseltine, Environment Secretary, and all other Ministers associated with the decision.

He said the penalties would cripple some councils, cause increased unemployment, and lead to large supplementary rate increases in some of the 300 or so councils likely to be penalised.

These thoughts are also uppermost in the minds of a small number of Ministers who have decided to make one last

attempt this morning to persuade the Cabinet committee to choose a lower level of penalty.

Even some headline members of the committee were earlier worried about the effect of the very high penalty on services and rates. Mrs. Thatcher intervened to ask about rates and Sir Keith Joseph, the Industry Secretary, voiced his fears about the increased burden it could place on commercial and industrial ratepayers, particularly the small businessmen — a group which the Government is trying hard to help.

Mr. Mark Carlisle, the Education Secretary, is understood to be very unhappy about the implications for the education service if the cuts are made in full, and Mr. James Prior, Employment Secretary, is not enthusiastic about the possible impact on jobs.

But the Treasury team has led the case for strong action, backed by Mr. Heseltine, who feels severe intervention is the only way to prevent a repeat of the failure of last year's attempts to control council spending.

To deflect criticism about the effect on ratepayers, Mr. Heseltine is expected to couple announcement of the penalty to the Commons on June 2 with a statement about his long-term aims on rating, including a possible limit on the extent to which councils will be able to raise their rates.

Because such a storm is brewing over the penalties, he is considering making a statement on June 1, the first day after the parliamentary short recess, in addition to the announcements to the Commons and local authority leaders at 3.30

pm and 4 pm respectively the following day.

The Government asked councils to reduce the volume of their current expenditure in 1981-82 by 5.6 per cent compared with their 1979-80 expenditure in 1979-80. This target has been missed by £900m in this year's budgets, and that is the amount which the Government is planning to withhold in grants. If revised budgets show reduced spending plans, the Government will release the equivalent amount of grant.

Today's Cabinet committee meeting will be considering some Environment Department figures which show that some of the worst overspending is by Tory-controlled or controlled by Tory independents at the time the budgets were fixed.

All but two of the shire counties in England are over the target. All but one (Durham) was Tory-controlled or controlled by Tory independents at the time the budgets were fixed.

A further difficulty is that most of the counties plan to spend less than the Government has assessed they need to spend to provide a standard level of service, and one matter to be decided today is whether some can be let off for this reason. The difficulty is that the counties account for more than half of local government spending, and because most of them have overspent, any relief allowed will make it impossible to get near the desired level of penalty to eliminate the overspending.

This problem is compounded by those councils which cannot be penalised because they do not receive any grant—Camden in London and Crawley, Sussex, for example.

The Government will also be embarrassed by the fact that two of the best underspenders—Wandsworth and Kensington and Chelsea, both in London—were among those most badly affected by the new system of allocating grants. This meant that in spite of their thrift they had to levy very high rates this year to make up for the lost grant.

The results are causing widespread confusion in the City, which is nervous about councils which the Government regards as profligate. Southwark, penalised last year, is underspending the new target by 0.1 per cent.

Other councils not previously regarded as extravagant, such as Buckinghamshire and Harrogate, occupy the black spots held last year by authorities such as Lambeth in London, and Sheffield.

HQ sale shields £374,000 CBI loss

THE Confederation of British Industry, which last week made 31 of its 400 staff redundant, had an operating loss of £374,000 during 1980.

The deficit came despite an increase in income of £1.15m—more than £1m of it from members' subscriptions—to £8.56m.

However, the deficit was set off against income from the sale of the lease on the CBI's former headquarters in Tothill Street, Westminster, leaving a net surplus of £2.28m.

Last year the CBI moved to the Centre Point block in London, and the high rates bill there contributed to last week's redundancies.

The capital cost of the transfer to Centre Point was contained within a £3.5m limit set by the confederation's finance and general purposes committee.

Yesterday's annual meeting in London included a tribute to Sir Terence Beckett, who became director general after the death of Sir John Methven last year, from Lord Robens, chairman of Johnson Matthey. Sir Terence had a controversial introduction to the post after comments about government policy at last autumn's annual conference.

£10m order for Swan Hunter

SWAN HUNTER on Tyne-side has won an order for a £10m nuclear fuel carrier — its second contract in less than a fortnight.

It was placed by British Nuclear Fuels and is scheduled for delivery in mid-1982.

Several orders from Far Eastern owners are expected to be announced shortly with Hong Kong's C. Y. Tung group believed to be close to signing contracts with UK yards.

MP wants no tax on all savings

TAX EXEMPTION on all forms of savings was urged yesterday by Mr. Dick Taverne, the former Labour MP who is now on the steering committee of the Social Democratic Party.

Speaking to the Stock Exchange northern unit conference in Liverpool, Mr. Taverne said that confining tax concessions to home-buying and pensions restricted levels of liquid savings available for investment in industry.

Closure will help London Brick return to full-time working

BY ANDREW TAYLOR

LONDON BRICK is to return to full-time work next month. The company's 5,500 workers have been on a four-day week since last October.

Mr. Jeremy Rowe, London Brick chairman, said the company will go back to normal working after the closure of its Ridgmont works in Bedfordshire at the end of this month, with the loss of 1,100 jobs.

The Ridgmont works accounts for about 16 per cent of the company's annual brick production. Mr. Rowe told shareholders at London Brick's annual meeting yesterday that the reduction in output as a result of the Ridgmont closure "will enable us to revert to normal full time working at other plants."

London Brick intends to build a £40m brick works at Ridgmont but Mr. Rowe said

work would not start until the economic outlook improved. London Brick warned that closure costs at Ridgmont—estimated at more than £2m—could wipe out trading profits in the first half of 1981.

Last year, London Brick pre-tax profits dropped from £12.8m to £10.7m. Brick profits fell from £11.6m to £8.7m.

There have been recent signs that the sharp drop in UK brick deliveries has slowed considerably because of increased activity in the private house-building market.

Deliveries by London Brick, which fell by 25 per cent in the first quarter of 1980 compared with the same period a year ago, rose slightly in April. Some of this improvement reflects increased buying ahead of brick price increases.

A slight improvement in construction industry order books is suggested by new figures published by the Department of the Environment. According to them, orders for construction work rose by 5 per cent in the first quarter of 1981, although they were still running 5 per cent below the level recorded 12 months earlier.

Expressed in constant (1975) prices, orders for public sector housing increased by 2 per cent during the first three months of the year but remained 42 per cent down on the same period in 1980. Private housing contracts showed a 12 per cent rise over the January-March period although they remained 11 per cent lower than in the first three months of last year.

The DoE figures show public works rose by 9 per cent in the first quarter and also showed a 10 per cent increase

Ezra defends expansion of EEC coal industries

BY MAURICE SAMUELSON

SIR DEREK EZRA, chairman of the National Coal Board, yesterday defended the long-term expansion of the coal industries in Britain and Europe. He said it would be foolish to endanger them by stepping up coal imports from other countries because of short-term price advantages.

Sir Derek's warning—given in London to a conference of Euro-MPs—followed Monday's claim by the Institute of Economic Affairs, that the NCB's expansion schemes were based on out of date assumptions about the industry's growth.

"Given economic recovery, growth in the total UK coal market, which declined under recession from 125m tonnes in 1979-80 to less than 118m tonnes in 1980-81, would resume because there would be continuing rises in the oil price.

limits to the further growth of natural gas and a slow rate of nuclear development," he said. Nevertheless, he expressed concern about growing imports of cheap coal.

Britain's miners last week achieved their highest productivity record for eight years, the NCB said. They mined 2.415m tonnes of coal, equal to 2.53 tonnes per man-shift (compared with the earlier record of 2.47 tonnes).

The National Coal Board was urged yesterday to keep further price rises to an absolute minimum. Mr. Patrick Cooper, retiring president of the Coal Merchants' Federation, complained that in the past year merchants had passed on to customers four NCB price rises, which put up the cost of solid fuel by an average of 48.3 per cent.

GCE system lacks balance, MPs told

By Gareth Griffiths

BRITAIN'S secondary school examinations lacked balance and did not emphasise the importance of the application of academic knowledge to the solving of problems, the Industry Department said yesterday in evidence to MPs.

The Department submitted a memorandum to the Commons Select Committee on Education, Science and the Arts. It said it was important employers should take a greater interest in the system.

Many employers saw the system as beyond their influence. This led them to use GCE O-level certificates unselectively. This meant students sat subjects not necessarily in their own interests.

The Department criticised the system's failure to take account of non-academic skills essential for young people's success in life.

Allegation against bank withdrawn

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ALLEGATION that the First National Bank of Chicago misrepresented the financial strength of the Stern group of companies shortly before the group collapsed was withdrawn in the High Court yesterday.

The allegation, which the bank denied, was made in an action in which the bank claimed repayment, with interest of a £240,000 loan to Harmlil Securities, guaranteed by Mr. Michael Harris and Mr.

George Miller. Harmlil's directors.

Harmlil contended that the loan and guarantees were obtained as a result of the bank's alleged misrepresentations about Stern, and that the company and its directors were therefore not liable to the bank. They counter-claimed damages.

Mr. Justice Parker was told yesterday that terms had been agreed for disposing of the dispute.

Harmlil, Mr. Harris and Mr. Miller withdrew their allegations of misrepresentation, negligence and breach of contract, and agreed to pay the bank £70,000 by instalments.

If there was any default on the instalments, the bank would be entitled to judgment for the whole of the £240,000, with interest.

The counterclaim would be dismissed.

John Elliott and Christopher Lorenz on the NEB-NRDC merger

Technology body plans accelerate

THE SPEED with which Sir Frederick Wood has laid the groundwork for gradually merging the National Enterprise Board and the National Research Development Corporation has taken almost everyone involved by surprise.

In just over three months he has drawn up a plan for progressively combining the organisations, persuaded the board members and senior staff of both organisations to back him, designed a patriotically coloured common logo, and brought himself to the brink of appointing a common chief executive. And he has carried Sir Keith Joseph, the Industry Secretary, with him.

Inevitably there is apprehension in both organisations about what is happening and about how the proposed British Technology Corporation will eventually settle down in offices now being built for the Development Corporation in the Elephant and Castle.

But there also seems to be a feeling among the staff of both the Enterprise Board and the Development Corporation that the time is right for a merger, now that the board's more controversial industrial intervention role has been reduced and the Corporation's industrial investments increased.

If there is any unhappiness at the board it is that the organisation is about to go through yet another upheaval, having never had more than about 12 months' continuity of chairmanship and direction since it was set up in 1975.

But it is also recognised that the marriage could set it on a constructive and stable path which should allow it to survive the political swings of Left and Right-wing industrial policies in the future.

Despite some mixed feelings within the corporation, there has so far been no suggestion that the merger should be resisted. Sir Frederick has informed the corporation's staff unions—the clerical workers' union APEX and the Institution of Professional Civil Servants—of the plans.

Some executives feel the corporation could have carried out the changes it needs to make to improve its operations without the injection of the Board's financial expertise. But others argue that it is already fully stretched handling applications for help from industry.



Sir Frederick Wood

Even before the link with the Board was mooted, the corporation was questioning whether it needed to change the way it does its industrial business according to Dr. Jim Cain, the corporation's managing director.

In the financial year which ended on March 31, the corporation made a record 173 investments, nearly twice as many as three years ago, and committed an additional £18m of support.

About half the new projects were in private industry, the rest falling within the corporation's public sector research and development licensing activity.

The Board, by contrast, launched less than a dozen new ventures but invested about £50m of Government funds. The growth in the corporation's industrial business results partly from the Government encouraging it to broaden and loosen the criteria for the sort of project it will support, and partly from a sustained marketing drive over the last three years.

Mr. Steven Dolland, the corporation's marketing director, has written to 23,000 companies in the past six months asking for details of innovation projects needing support.

But there has also been a growing concern inside the corporation about the lack of financial return from this side of its operations. Its profitability of £11.9m pre-tax in 1979-80 (roughly the same amount as the NEB's new venture profits for 1980), still rest entirely

on its licensing to the outside world of British academic inventions.

The main change under consideration within the corporation has been a broadening of the type of financial support the corporation gives industrial customers, so as to introduce more flexible NEB-type equity and loan financing.

The corporation has traditionally funded industrial innovation almost exclusively through joint venture finance, under which it takes a 50 per cent share in development and launching costs, but receives a return only in the form of a percentage levy on sales over a limited period.

As a result, the corporation has been unable to profit to a substantial degree from its most successful industrial projects, notably the ICL 1900 series of computers, in which it invested £5m. More equity financing, it is felt, could improve significantly the prospect of a greater return.

One particularly successful scheme it has introduced is called the Small Companies Investment Fund, launched with funds of £2m in September to provide small businesses with various forms of loan and equity in packages of £10,000 to £50,000. Already it has made about 15 investments.

This will link up with the board's small business operations, including its new Oakwood subsidiary which provides loans of up to £50,000 to small businesses and is now completing its first deals.

Small businesses have become a more important area for the board which has been developing various venture capital and management consultancy arrangements both in its head office and in its regional branches in the north-east and north-west.

The corporation also has a more general interest in small businesses since nearly two-thirds of its 300 industrial investments employ less than 200 people, a fifth are new enterprises and a half involve a corporation stake of less than £30,000.

Yesterday the board issued a guide for would-be clients. The guide stresses that it is not a source of subsidised finance of any kind but it is prepared to take a longer term view of possible investments than is usual.

It also stresses that it works

NEB Consolidated Profit and Loss Account 1980

	£m	£m
Turnover	123.5	212.9
Operating loss before exceptional item and interest	(8)	(21.8)
Losses on Herbert	(35.2)	—
Share of profits of associated companies	4.9	16.7
Interest payable (receivable)	(7.0)	2.6
Loss before taxation	(24.1)	(7.7)
Taxation	4.5	5.7
Loss after taxation	(28.6)	(13.4)
Minority interests	1.0	(4)
Loss before extraordinary items	(29.6)	(13.0)
Extraordinary items	1.5	3.0
Loss after extraordinary items	(31.1)	(16.0)
Return on capital employed	(15.3%)	4.8%

The consolidated profit and loss account shows that the NEB and its companies—excluding Rolls-Royce and BL which have been transferred to the Department of Industry—made a group loss of £24.1m before tax in 1980. If losses of £35.2m are excluded from Herbert, the machine tool company which was disposed of during the year, the NEB's other activities show a profit before tax of £11.1m.

wherever possible in partnership with the private sector and tries to return its ventures to the private sector when they become viable.

The task for Sir Frederick and his new chief executive will be to weld the two organisations together in such a way that the board's entrepreneurial approach has a significant influence on the older, more bureaucratic corporation.

Sir Frederick will consider his work to have been successful if, within four years or so, a series of successful enterprises emerge, including both small businesses and what he calls "concept" companies such as the board's INMOS micro-chip venture.

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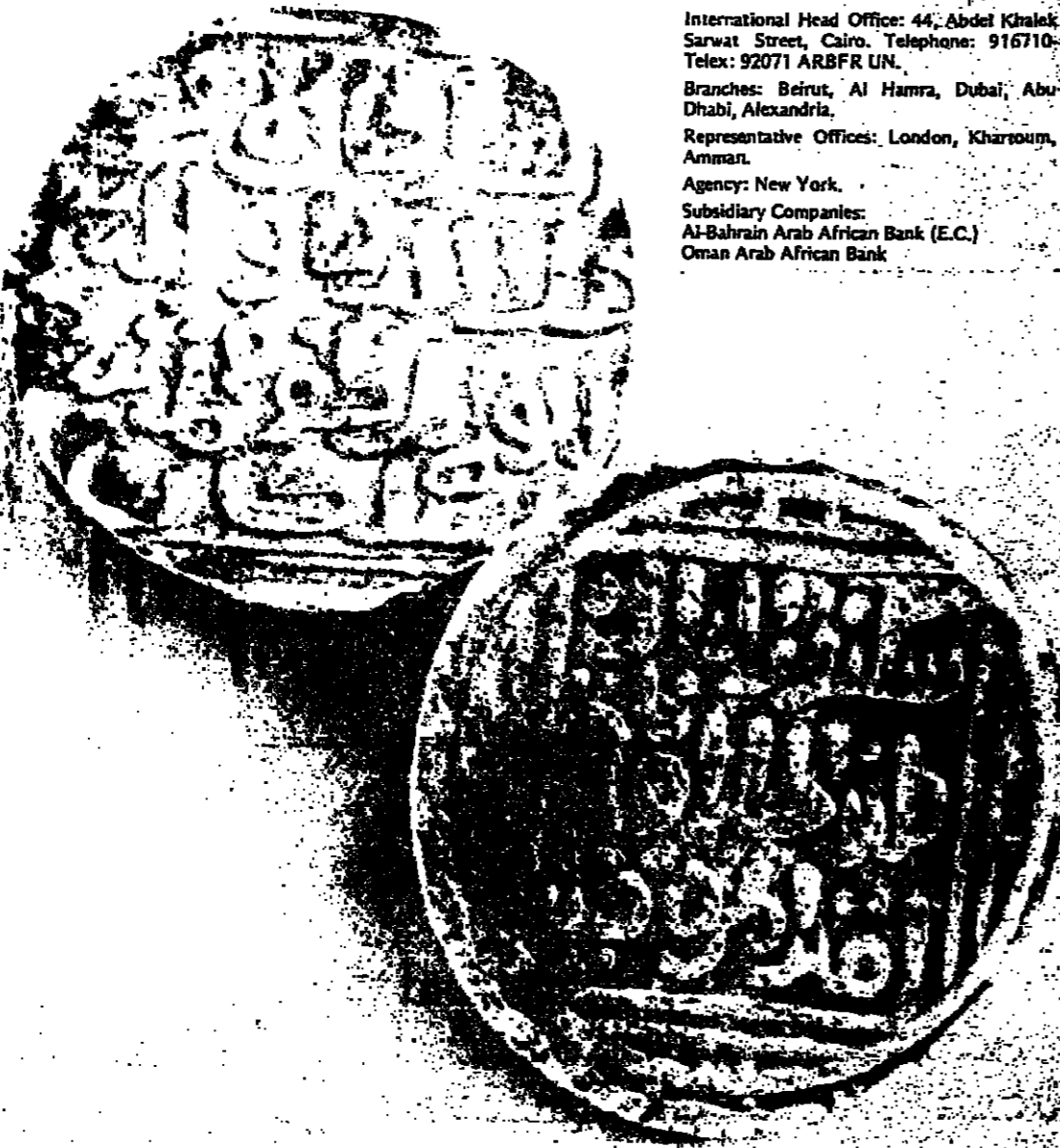
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UK NEWS - LABOUR

Youths refusing to train for jobs may lose benefits

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT is considering, as a long-term aim, halting the payment of supplementary benefit to unemployed young people who refuse to take up an offered place under the Youth Opportunities Programme.

The system would not be introduced until the Government had reached its target of being able to offer a place in the programme to all unemployed 16-year-olds.

Mr. James Prior, Unemployment Secretary, told the all-party House of Commons select committee on employment that consideration was being given to the idea which is at present practised in West Germany.

Such a proposal, though, would depend on the Government being able to offer, as its intention, work experience

or training places under the YOP for all 16-year-olds who have failed to find a job.

Mr. Prior acknowledged that the Government was still some way from meeting this requirement. Therefore, the prospect of halting benefit payments to those who refuse YOP places was some way off. However, it could not be ruled out.

MPs referred to proposals first suggested last year by Mr. Prior before the committee for a system of unpaid voluntary work by the unemployed. He said there was a need to develop such a system but rejected the idea of it being made compulsory.

Mr. John Gort, Tory MP for Hendon North, asked whether there was any possibility of the total going beyond the 5m figure which has been forecast by the

Manpower Services Commission and other organisations. Mr. Prior acknowledged the possibility.

The Treasury forecast of the adjusted level of unemployment — 2.5m in 1981-82 — had already been exceeded and was likely to continue, he said.

The Manpower Services Commission will today launch its long-awaited initiative on training. Mr. Prior laid stress in his evidence to the committee of the necessity for training to be emphasised more in the running of the YOP.

He said that consideration would be given to the way in which the industrial training boards in Northern Ireland are run as part of the review of the role of training boards in the rest of the country.

Government accused of 'fiddling' jobless total

By Christian Tyler, Labour Editor

THE GOVERNMENT was accused yesterday of "cheeseparing" on the services to the unemployed when other countries were increasing their efforts during the economic recession.

TUC leaders, protesting about proposed changes in the rules for registration of the unemployed, also charged the Government with trying to manipulate the jobless statistics in its favour.

The TUC's anger is the greater since it lost a vote at a noisy meeting of the Manpower Services Commission on Tuesday when the proposal was discussed.

A majority of the Commission agreed to support a move for voluntary registration of job-hunters at Government employment offices, provided it allowed the service to remain effective.

Mr. Ken Graham, assistant general secretary of the TUC and a member of the Commission, said that was "like trying to square the circle."

Voluntary registration was a fundamental change that would deprive the MSC and others of important labour market information, weaken people's chances of getting new work, and would ultimately undermine the important counselling function of job centres, he said.

Yesterday leaders of two civil service unions met Mr. James Prior, the employment secretary, to protest at the plan. They said the report by Sir Derek Rayner on which the plan is based was biased, subjective and political.

The unions said there was more emphasis on hunting down scroungers than on helping the unemployed.

Unions warned on quality circles

BY NICK GARNETT, LABOUR STAFF

THE TUC has advised unions not to agree to quality circles where these would undermine existing machinery for negotiation and consultation.

Guidelines were agreed by the TUC general council yesterday.

Quality circles are small groups of workers and other personnel which meet to discuss quality control and production problems. They are being set up in a number of companies.

Ford has introduced them at a few UK plants, but at a preliminary meeting last month on Ford's "After Japan" efficiency proposals, unions rejected quality circles.

Union officials and Ford

management will meet again today to try to resolve the dispute over unofficial stoppages and shopfloor discipline which has halted all car and van output.

The unions want the disciplinary code to be abolished. It was introduced in November. The company will do so, provided it is replaced by other machinery, agreed with the unions, which management is satisfied will act as a deterrent to unofficial strikes.

One possibility for discussion today is tighter responsibilities for shop stewards, in dealing with unofficial action, than existed before the code was introduced last year.

Such self-policing was encapsulated in proposals rejected by the unions in 1977.

Those proposals involved a specific chain of action on the part of stewards: warning unofficial strikers that they are in breach of procedures; posting notices repeating this and further notices relating to the avoidance of lay-offs and co-operating with the company in transferring employees to areas of work affected by unofficial stoppages.

A further 750 workers at Ford's Dagenham assembly plant were laid off last night to add to the 10,000 already laid off at various sites and the 10,000 on strike at Halewood.

Education centre to be set up

By Our Labour Editor

PLANS FOR a national trade union education centre, costing about £3m to set up, were voted through the TUC general council yesterday despite the opposition of the largest affiliate, the Transport and General Workers Union.

The TUC intends to convert the former Hornsey College of Art in North London into a residential training school with room for 60 students.

A request to the Government for help with the capital cost was turned down. Before leaving office the Labour Government said it would give £1m.

The TUC is to negotiate preferential loans with unions, and will allocate a third of next year's increase in affiliation fees. The fee is due to rise from 40p per member per year to 47p from January 1.

Another 11p per member will be raised in 1984 when the college is due to open.

Duport steel plant picket abandoned

By Robin Reeves

A TWO-MONTH trade union picket of Duport's Llanelli steelworks, closed in March with the loss of some 1,200 jobs, was abandoned yesterday, allowing more than £1m worth of finished billets to be removed from the plant.

The decision to give up the blockade came after local steel union officials explained that there was no possibility of the British Steel Corporation taking over the plant. The works, which produced engineering steels, was excluded from BSC's Government-backed takeover of Duport's steel interests earlier this year.

The company has agreed to pay the men an extra lump sum bonus on top of the redundancy terms.

Time Out staff are dismissed

THE 40 full-time staff of Time Out, a London weekly magazine, were dismissed yesterday following the breakdown of negotiations to end a three-week pay dispute.

Journalists arrived at the magazine's Covent Garden offices in the morning and read a statement from Mr. Tony Elliot, Time Out's publisher and proprietor. It said they had ceased to be employed by the company.

Power pay deal

ABOUT 30,000 electricity supply workers have won an average 10.3 per cent pay increase. This makes them the latest group of public sector workers to break a Government recommendation of 7 per cent for the current wage round.

Aerospace vote

ABOUT 1,200 hourly-paid British Aerospace workers at Hurn Airport, voted three-to-one to accept a pay offer marginally above the 9 per cent they rejected last month.

Bank workers block affiliation move

BY NICK GARNETT, LABOUR STAFF

THE Banking, Insurance and Finance Union has again blocked an attempt by the Association of Scientific, Technical and Managerial Staffs to affiliate to Fiet, the international white-collar union secretariat.

Mr. Leif Mills, Bifur general secretary who also sits on the Fiet council, said Bifur did not oppose ASTMS involvement in Fiet's insurance committee. His union, however, had decided to oppose ASTMS involvement in Fiet's banking committee.

Mr. Mills said ASTMS emphasised that it would want to involve itself in Fiet's bank union activities if its was affiliated.

The veto was used at a Fiet

meeting in Washington DC. ASTMS will continue to attend meetings of Fiet's insurance committee.

Bifur has been involved in a very limited recruitment battle with ASTMS in banking and does not want to see ASTMS — which only has a small banking, as distinct from insurance membership — use Fiet to strengthen its position.

ASTMS said yesterday that it had concluded further pay deals in insurance. These included 11 per cent on salaries at the Friendly Provident, 12 per cent at Britannic and 10.8 to 11.9 per cent at the Co-operative Insurance Society.

A 9 per cent offer from Provincial has been rejected.

Any debate on immunities condemned as 'irrelevant'

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR. KEN GILL, general secretary of the white-collar engineering union AUEW-Tass, condemned debate over the Government's Green Paper on trade union immunities as irrelevant.

"It is an argument only between the hawks and the wets. Discussion is only possible on the basis of acceptance of the 1980 Employment Act," he said at the union's annual conference at Bournemouth yesterday.

The judgment made last month by Lord Denning in the Radmore versus Hamilton case, involving the film technicians' union ACTT, had meant that "secondary action" had been defined to include almost all varieties of industrial action, said Mr. Gill.

Mr. James Prior's "softly

softly" approach "would not stop the anti-union diabolism spattered about the Tory benches by blood. They can't even distinguish between Jim Prior and Mick McGahey."

The conference carried motions calling for an end to the bipartisan policy on Northern Ireland, and for an end to the bans and prescriptions still existing in the Labour Party against other Left-wing organisations.

The National Graphical Association yesterday submitted evidence to the TUC and to the Secretary of State for Employment contending that the Green Paper contains "inaccurate, inconsistent and divisive arguments which will not constructively lead to the improvement of industrial relations."

Cement plants action fear

BY OUR LABOUR STAFF

CEMENT WORKERS' leaders warned yesterday that they intend to begin industrial action over pay next week.

A joint delegate conference called by the Transport and General Workers' Union and the General and Municipal Workers' Union "substantially" rejected the employers' offer, according to union leaders.

The unions estimated that the offer to the 7,000 process workers is worth increases of about 8.5 per cent, with an hour off the working week to reduce it to 39.

Though the number of workers directly involved is small, the outcome of their negotiations is likely to set a lead for

subsequent increases for skilled workers and drivers.

Process workers earn between £80 and £100 a week, including overtime and shift payments. The unions are claiming rises in line with the prevailing rate of inflation.

The conference decided to call for industrial action from May 27 in what the unions see as the first serious national pay dispute in the industry's history.

The action will involve working to rule. Mr. Peter Evans, TGWU national secretary for the industry, said that because the cement industry was a continuous process, the action, though limited at present, would have a speedy effect.

BMA seeks meeting with Jenkin

BY GARETH GRIFFITHS

THE British Medical Association has asked for an emergency meeting with Mr. Patrick Jenkin, Social Services Secretary, on the Government's decision to cut the recommendation on doctors' pay from 9 per cent to 6 per cent, to keep it within public service cash limits.

A meeting is expected early next week. The association will press improvement of National

Health Service conditions if the Government is not prepared to restore the 3 per cent. The reduction has saved the Government about £40m a year on doctors' and dentists' pay.

Mr. Anthony Grahame, BMA council chairman, said yesterday the Government's decision was a serious matter with considerable implications.

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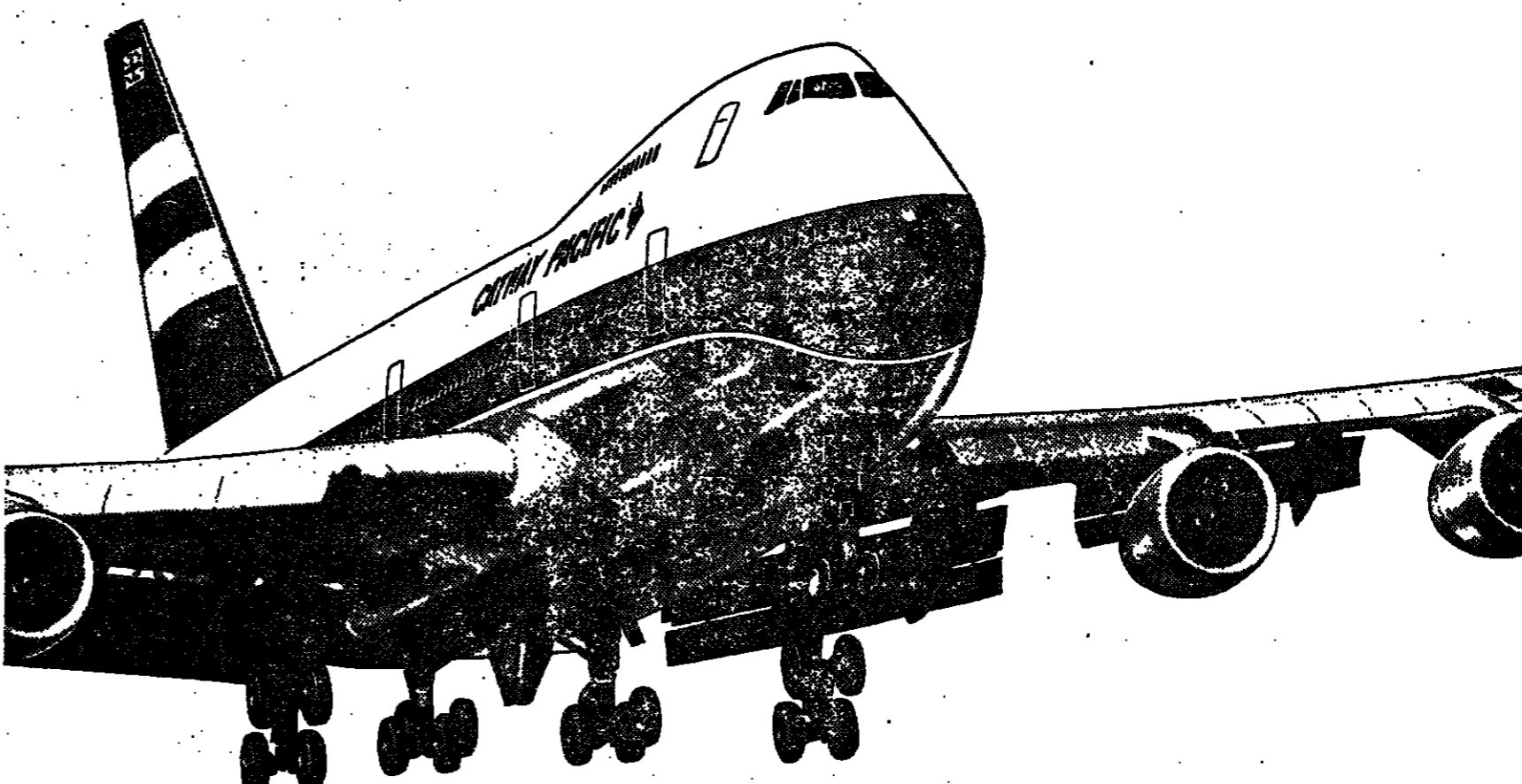
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UK NEWS — PARLIAMENT and POLITICS

MPs alerted to the threat of the alien menace

By John Hunt

AN INSIDIOUS THREAT to the mental stability of the nation was exposed in the Commons yesterday by Mr. George Foulkes (Lab., South Ayrshire). The victims become sullen and listless, their eyes glaze over and in the final stages they are completely oblivious to their surroundings.

Mr. Foulkes's warning came immediately after Sir Ian Gilmour, Deputy Foreign Secretary, had mumbled through an hour of foreign affairs questions in his usual languid manner. But surely the poorly Scottish MP could not be referring to the numbing effects which Sir Ian's delivery has on the Commons?

Despite Mr. Foulkes's lurid descriptions, giggling MPs persisted in treating the whole thing as a comedy rather than an X certificate production. Undeterred, Mr. Foulkes advised them to go to the cinema to see for themselves the full horror of what was going on.

"We might become addicted ourselves," objected one sceptic.

There were, said Mr. Foulkes, 80,000 machines in Britain each making at least £200 a week—a profit which seemed to annoy him as much as the alleged harmful effects on young people. His answer was a Bill giving local councils the power to license the machines and ban children under 16 from using them.

This brought an indignant Mr. Michael Brown (C., Brigg and Southorpe) to his feet with an admission that he was an avid player of Space Invaders and had been enjoying a game against two friends over an innocent half pint "that very lunchtime."

Mr. Brown found the proposed Bill "quite outrageous and ridiculous," a typical attempt to extend the "socialist belief in restriction and control" over the harmless pleasures of the young.

He called on MPs to reject this "petty minded socialist measure," which they duly did by a majority of 29 (314-94).

Nevertheless, it is doubtful whether the Commons has heard the last of the little green men. According to Mr. Foulkes, waves of even more advanced machines are ready to move in when youngsters lose interest in the present models.

Callaghan warns against Navy reductions

BY IVOR OWEN

AT LEAST 25,000 British troops should be brought home from Germany, Mr. James Callaghan, the former Prime Minister, suggested in the Commons last night when he warned against drastic reductions in the Royal Navy's surface fleet in order to contain the cost of defence.

In a speech acclaimed by a substantial number of Government supporters—as well as by many Labour MPs—he argued that the preservation of the Navy's traditional role as the guardian of the trade routes remained vital, both for Britain and her partners in Nato.



Callaghan: "Navy's role as guardian remained vital."

Prime Minister to guard himself from sharing the fate of two Conservative leaders of the 1930s—Neville Chamberlain and Stanley Baldwin—who were blamed for Britain being so ill prepared for the Second World War.

Mr. Callaghan called on the Government to enter into immediate negotiations with the German Chancellor Mr. Helmut Schmidt, and the other Nato allies, aimed at cutting the strength of the British Army of the Rhine by at least half.

A reduction in the number of British troops in Germany, he insisted, would be far less damaging to the alliance than a cut in naval and maritime air power which would of vital importance should it again become necessary to secure the reinforcement and supply of Europe in time of war.

Mr. Callaghan saw the possibility of Britain's acquisition of Trident being brought into these negotiations.



Amery: "Relax the cash limit on defence spending."

Mr. Callaghan maintained that the circumstances in which Britain undertook in the 1950s to keep an army on the Continent numbering some 55,000 men no longer applied.

Their role then, he recalled, was to give a psychological boost to European unity and to ensure that the Germans and French were kept from each other's throats.

Few people, he said, would now question the view that France and Germany were able to get along pretty well without Britain.

Mr. Callaghan said that the Government was able to get along pretty well without Britain.

Silkin set to stand with TGWU backing

By Margaret Van Hattem, Lobby Staff

MR. JOHN SILKIN'S as-yet-unofficial campaign for the deputy leadership of the Labour Party gathered speed last night amid strong indications that the powerful Transport and General Workers' Union is prepared to back him.

Mr. Silkin, who has come under strong pressure to stand this week from a small group of supporters in the Labour Party, had let it be known from the outset that he would not do so without TGWU backing.

However, Labour MPs close to Mr. Silkin consider him likely to announce his candidature soon. They say he already has the backing of between 15 and 20 members of the Tribune Group, a number of smaller unions, and a handful of constituency parties, mainly in the Midlands.

Last night at Westminster, as supporters of Mr. Denis Healey, the present deputy leader, met for the first time to organise his campaign, Mr. Silkin's supporters gathered in another room to press him to declare himself soon.

Mr. Silkin has insisted that he is not interested in the job, while admitting freely that he has his sights fixed further ahead on the leadership. However, he contest shows signs of deepening into a preliminary battle for the succession and Mr. Silkin is believed to consider he has a sporting chance of succeeding as a compromise candidate.

A large number of Left-wing MPs who do not care for Mr. Tony Benn but care even less for Mr. Healey were still coming around yesterday for another Left-wing candidate. Many of these do not consider Mr. Silkin's credentials as a Left-winger convincing and say they will be forced reluctantly to vote for Mr. Benn if they cannot find an alternative candidate.

Although the backing of the TGWU, which holds 1.25m of the total union vote, would be a strong boost for Mr. Silkin, his support among constituency parties still appears negligible—a factor which may dissuade many as-yet-undecided MPs.

Several of Mr. Silkin's supporters do not attempt to disguise the fact that they are out to stop Mr. Benn, and are stressing that the outcome of the contest could decide the succession to Mr. Foot.

Mr. Healey's supporters, by contrast, appear to accept that their best chance lies in convincing the party, especially outside Parliament, that winning the contest will not strengthen the prospect of his becoming party leader. They are planning an intensive campaign in the constituencies, where his support is still weak and where they will canvass for the Healey-Foot team, rather than for Mr. Healey individually.

They are expected to play up the current tensions between Mr. Foot and Mr. Benn, stressing the unlikelihood of the two being able to establish a satisfactory working relationship.

Foot criticises Benn for 'denigrating' last Labour Government

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR. MICHAEL FOOT, the Labour Party leader, yesterday strongly criticised Mr. Tony Benn—one of the two contenders, with Mr. Denis Healey, for the deputy leadership of the party—for "denigrating" the last Labour Government for a lack of judgment.

In an interview after his speech to the annual conference of AUEW TASS, the white-collar section of the Engineering Union, Mr. Foot said: "Tony Benn says a lot of different things. I think when he puts his case he denigrates what was done by the last Labour Government and doesn't put it in its proper perspective."

In his speech earlier to the TASS conference, Mr. Foot had defended that Government's role in instituting progressive policies, especially in the employment field. He said that the next Labour Government would bring in a new Employment Protection Act to restore and extend the provisions of the earlier legislation.

In his interview, Mr. Foot said that Mr. Benn had a right to stand for the deputy leadership, but that "the question is a matter of judgment, not of rights, particularly at the moment when the Labour Party should concentrate on its supreme objectives."

Asked if he saw a parallel between Mr. Benn's actions and his own as a leading Left-winger in the Bevanite group in the 1950s, Mr. Foot said there was "a great difference" between the two.

"The policies we are going to put into operation are not Right-wing or reactionary. I was fighting 20 years ago a Labour movement which hadn't woken up to the realities. I think the Labour movement has woken up to the realities now."

Mr. Foot said that he had made no secret of his dislike for an election process that "goes on for months on end" and said that his view was now being seen by many to be right.

In the course of his speech to the TASS delegates, Mr. Foot appeared to be moving towards a reconciliation of the unilateralist and multilateralist points of view within the Labour Party.

Quoting a letter in yesterday's edition of The Guardian to the effect that all disarmers, whether unilateralist or multilateralist, should make common cause, Mr. Foot said that "these words are the plain truth."

Mr. Foot's endorsement of this dual position can be seen as being in line with the 1980 Labour Party conference, which passed both multilateralist and unilateralist motions. However, the party's national executive committee and others within the party and the trade unions have interpreted the conference decisions as a commitment to unilateralism.

Our Labour Editor adds: Mr. Benn has been given the cold shoulder by officials of the Left-wing Transport and General Workers Union in his efforts to drum up support from the union's rank and file.

Requests for an official TGWU presence at a fringe meeting Mr. Benn will be holding in Brighton on the eve of the union's delegate conference are being ignored.

The formal reason is that the TGWU does not recognise fringe meetings at its biennial delegate conferences. Beneath the surface there is considerable anger about Mr. Benn's attempts to sway union delegates.

One member of the union's executive said he regarded Mr. Benn as an opportunist who had seized on policies drawn up and fought for by the trade unions in order to advance his own career.

The TGWU will not decide whom to support in the deputy leadership stakes until nominations close in August. The union, which commands the biggest single vote, is biding its time in case its own sponsored MP, Mr. John Silkin, enters the race. In that event it would almost certainly urge its members to support him, not Mr. Benn.

Defence Committee split on Trident missile purchase

BY BRIDGET BLOOM

THE COMMONS Defence Committee has failed to reach an agreed opinion on Britain's decision to buy the Trident nuclear missile system.

The 11-member committee has spent nearly a year investigating Trident. Its report next month is expected to show that at least four members believe the decision to be wrong, primarily on economic grounds.

The split in the committee, which has a Conservative chairman, five Tory members, four Labour and one Social Democrat, is along party lines.

The Tory members are expected to come out in favour of the Government's decision to buy the Trident system, while the Labour members will oppose it.

The committee, formally established in November 1979, has spent a major part of its time investigating the Trident decision, which was announced by Mrs. Thatcher last July.

Evidence from expert witnesses has done much to highlight the uncertainty which still surrounds critical aspects of the Trident programme, which the Government has made clear is to be immune from the

current defence review.

Mr. John Nott, Defence Secretary, has publicly stuck to the cost of £5bn announced by his predecessor Mr. Francis Pym. But evidence before the committee has made it clear that not only was the Government undecided whether to build four or five submarines, but is still uncertain about which of several versions of the American Trident missile it might buy.

And the size of the submarines is dependent upon the type of missile chosen.

Decisions on these elements are partly dependent on deci-

sions still to be made in the U.S., but could well push up the overall cost of Trident to Britain to at least £6bn.

It is understood that the committee's report will show that the main grounds for the Labour members' opposition to Trident is that the money would be better spent elsewhere in the defence budget.

Although last year's Labour Party conference voted to cancel the Trident programme and abolish Britain's independent nuclear deterrent, none of the Labour members on the

committee is a nuclear disarmar.

The Tory committee members are expected to approve the Trident decision, although it is no secret that many Conservative MPs are worried that the decision will deprive conventional forces of funds.

The committee is understood to have elected Mr. Clegg, Onslow (C, Woking) as its new chairman, at a private meeting yesterday, replacing Sir John Langford-Holt. The committee's report, together with all the evidence, should be published by the end of June.

Inquiry into Government efficiency

By Peter Riddell, Economics Correspondent

AN ALL-PARTY committee of MPs is to investigate efficiency in central Government.

A sub-committee of the Treasury and Civil Service Committee will consider methods and machinery for reviewing effectiveness and ensuring value for money in central Government, and the role of Parliamentary accountability. Dr. Jeremy Bray (Lab, Motherwell) will chair the sub-committee.

The full committee yesterday discussed with senior Treasury officials proposals for making the presentation of the public spending estimates more comprehensive.

Sir Anthony Rawlinson, the Second Permanent Secretary responsible for public services, made it clear that the Treasury does not want to show separate volume figures calculated at constant prices. Instead, he hoped it would be possible to say something about the level of services contemplated.

PM firm on hunger strike

MRS. THATCHER last night told relatives of IRA hunger striker Raymond McCreesh that she hoped that even now his life could be saved. But in a letter to his brother, Father Brian McCreesh, sent by her principal private secretary, she made plain that the Government would not surrender.

This is the first time the Prime Minister, in replying to pleas on behalf of a hunger

strike, has not written personally, but through one of her officials.

Father McCreesh sent her a telegram three days ago saying: "My brother Raymond is a prisoner in the Maze for four years. He has gone without clothes, without visits, without washing. He has been locked up 24 hours a day. He has now gone without food for 57 days."

Mr. Benn was speaking publicly on the issue for the first time since last week's attack on him by Mr. Michael Foot, Labour Party leader, for stepping out of line on Northern Ireland during his campaign to wrest the job of deputy party leader from Mr. Denis Healey.

Mr. Benn said: "People are entitled to know what one's views are. They expect it when there is an election going on." He said he was "in favour of free speech" and made clear he would continue to speak his mind on any views he held, whether or not they made him unpopular with his colleagues.

Benn hits back at attack on his outspokenness

BY PAULINE CLARK, LABOUR STAFF

MR. TONY BENN yesterday hit back at Shadow Cabinet criticism of his recent controversial statement on Northern Ireland with a staunch defence of his right to free speech.

Speaking at a Firemen's union fringe meeting in Bridlington, Mr. Benn claimed strong support for his proposal that a UN peace-keeping force should be brought into Northern Ireland. He said the proposition was "not a firm and settled one," but there could be a case for using the UN to prevent bloodshed.

He had received "tremendous" support in letters from the public, which were 99 per cent sympathetic to his stance, including one from the chairman of a Conservative association.

Mr. Benn was speaking publicly on the issue for the first time since last week's attack on him by Mr. Michael Foot, Labour Party leader, for stepping out of line on Northern Ireland during his campaign to wrest the job of deputy party leader from Mr. Denis Healey.

Mr. Benn said: "People are entitled to know what one's views are. They expect it when there is an election going on." He said he was "in favour of free speech" and made clear he would continue to speak his mind on any views he held, whether or not they made him unpopular with his colleagues.

In the run-up to the autumn election.

His campaign to amass rank-and-file support from trade unionists intensified yesterday when he told about 300 delegates from the Fire Brigades Union's annual conference that he would support the takeover of private hospitals.

"The TUC and the Labour Party conference have both said all those parts of the public sector that have been hived off should be re-nationalised, without compensation. I would go beyond party policy," he said, "and I hope it will be party policy—I believe that we should take over all those glossy new private hospitals that are being built to cut the National Health Service waiting-lists."

Mr. Benn received a warm reception from the firemen, who will today attend a similar fringe meeting to be addressed by Mr. Denis Healey.

The 36,000-strong union is the first in the present round of union annual conferences to invite formally both contestants to meet conference delegates—in separate meetings outside the conference hall.

This is likely to be followed by executive consultation with the union's 16,000 members who pay the political levy before a final decision is taken on whom it will support.

Lloyd's divestment a 'basic requirement'

BY JOHN MOORE

LEGAL COUNSEL for two Lloyd's underwriting members urged a House of Commons committee to treat the issue of full commercial divestment of Lloyd's brokers' links with underwriting management companies as a "fundamental principle."

The two Lloyd's members, Mr. Nick Parker and Mr. John Burrows, are seeking changes through a Parliamentary petition to a Private Bill promoted by Lloyd's of London for improving self regulation within its insurance market.

Mr. Michael Mann, QC, acting for the two members, suggested that Lloyd's should petition for an additional provision to the Bill relating to the divestment

question. "It would be for the promoters of the Bill to go away and create their own clause to deal with this issue of principle," he told the Committee.

This move might delay the Bill by five or six months.

"We would urge that the question of principle must be resolved by this House but the question of detail or implementation should be left to Lloyd's," he said.

A compromise clause suggested by Lloyd's for dealing with the divestment—which empowers a new Lloyd's council to create by-laws to prevent interference between brokers and underwriters—"fudges the principle," said Mr. Mann.

Lloyd's members and the interests of the assured were affected by the divestment issue because "it is they who are the victims of the potential conflicts of interest."

On the immunity provision, which protects Lloyd's officers against legal action from its members, Mr. Mann said Lloyd's wanted to be in a position where "it would have nothing to fear" if it did not act with reasonable care.

A limitation to the immunity provision, through an amendment, "is not real it is only apparent."

Mr. Peter Bydell, acting for Lloyd's, stressed to the committee that the Bill did follow the proposals recommended by Sir Henry Fisher.

Mr. Michael Meacher (Lab., Oldham W), chairman of the committee, said: "I am inclined to accept that the Bill does follow Fisher."

"If Fisher intended that divestment should take place, was Fisher right?" He said the divestment proposal will really be carried out. "Do you really believe that divestment will be carried out in the light of the financial interest" of some of the new council's likely members?

"There is not enough evidence to believe that the council will not back divestment."

The committee adjourned until this morning.

Steady Progress at home and in international markets.

Deutsche Girozentrale - Deutsche Kommunalbank - (DGZ) was again able to maintain its course of steady progress with satisfactory results during 1980. Assets rose to DM 22.5 billion while business volume reached DM 23.5 billion.

With a long tradition as a banker's bank, DGZ stepped up its international lending activities to state banks, governments as well as corporate clients. Special emphasis was also put on broadening the Bank's financing of German exports. The Bank is also a respected partner for international loan syndication and Eurobond issues.

Domestically there was significant expansion in credit activities with public and financial institutions. With the authority to issue own bonds funding requirements were easily met and the Bank's powers were again in strong demand by institutional investors. Security dealings, particularly in fixed-interest instruments, expanded both with domestic and international clients.

DGZ is the sole central banking institution on the federal level of the vast German savings banks network and as such ranks among the leading wholesale financing institutions.

Financial Highlights 1980		DM million
Balance Sheet Total		22,525
Due from Credit Institutions		6,319
Debtures and Bonds		3,340
Receivables from Non-Bank Clients		11,903
Fixed Assets		105
Deposits from Credit Institutions		6,148
Deposits from Non-Bank Clients		1,027
Own Debtures in Circulation		14,096
Capital and Published Reserves		440
Surplus from Interest and Commissions		111
Personnel and Administrative Expenditures		37
Taxes		15
Net Profit		22

DGZ International S.A., the 100% Luxembourg subsidiary, also reported a successful financial year with continued strength in Euro-money and Eurocredit operations.



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THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

Advertising via satellite: the questions multiply

NEWS THAT Britain is ready to start direct television satellite broadcasting by the middle-1980s, even though the Government has made it plain that no public finance will be available, has hardly traumatised the advertising and marketing businesses, though they are studying Part IV of this week's Home Office study report, Direct Broadcasting by Satellite, with special care.

Part IV discusses the options and implications of direct satellite TV, including what is for now one of the great imponderables: finance. Among possible sources of satellite revenue discussed by

the working party are higher general TV licence fees, special satellite licence fees, subscription charges and advertising. Advertising, says the report, could include spot or block advertising, though it is assumed that the advertising standards to be applied to satellite services would be similar to those applying to terrestrial broadcasts now.

It is the view of the Independent Broadcasting Authority that there will not be a broadcasting case for more channels until after 1990, says the report, by which time expansion of the

ITV system now in the pipeline, (Fourth Channel and Breakfast Television) will have been completed. The IBA believes it wrong to approve the introduction during the 1980s of channels financed in a manner rejected by Parliament for the Fourth Channel, but such considerations apart, says the report, the advertising revenue potential for satellite TV is hard to predict, not least because of the difficulty of predicting TV advertising expenditures several years ahead.

However, it says, it "seems likely that it would be small"

initially since it would be related to size of audience. Firms that did not sell their products in Europe would hardly be interested in European-bound ads; nor would advertisers who sold their products under different names outside the UK. There were differences in consumer tastes and habits; and there might be problems, says the report, because of variations in different countries' restrictions on advertising.

ITV's high advertising rates are largely attributed to the advertiser's desire, to reach large and predictable sections of a mass audience, says the

working party. "Given the difficulties, it seems that the rates which a (satellite) service could command per 1,000 viewers would be significantly below even 'off-peak' rates on ITV."

Little of which helps advertisers keen to formulate a view on the likely mid-term impact of satellite broadcasting, though in truth, the problems relating to likely costs, audience levels, timing and scale are as difficult to quantify as forecasting UK ice cream sales this summer.

In a major study of the new broadcast media, the D'Arcy-MacManns & Masius agency

said last year that satellite TV, by greatly widening programme choice, would produce considerable fragmentation of the TV audience, making the medium more expensive and complicated where mass coverage was required.

It forecast major changes in the "present conservative attitudes of some governments, and their dislike of fully commercial TV services brought about by the economics of satellites and by the effects of audience overspill"—whose effect could well be to draw advertising revenues across national borders.

AGENCIES & ADVERTISING

CDP breakaways' flying start

LOWE AND HOWARD-SPINK, the London advertising agency formed two weeks ago by a clutch of Collett Dickinson Pearce breakaways, has won an estimated £10m to £11.5m worth of CDP business, with the prospect of the Fiat account to follow.

In all, CDP has lost £13m to £14m worth of business. It is owned by a company in which Hambros, the merchant banking group, has a 75 per cent stake.

Low and Howard-Spink was formed by Frank Lowe, Collett's former managing director, and Geoffrey Howard-Spink, its joint deputy MD. They are taking four top CDP creative men, plus account handler Brian Beagan.

Also going are three famous CDP accounts: Whitbread (worth approximately £7m), Birds Eye (£2.5m-£3.5m) and Parker Pen (£1m). Fiat and Lancia (£2.5m to £5m) is leaving CDP and could well join Lowe and Howard-Spink in a separate move. Walls Meat (£1m to £2m) is also leaving CDP though not joining the new agency.

CDP, whose total billings last year were £60.9m, is putting a relatively brave face on recent events. It is having to recognise itself internally, but deputy MD John Spearman emphasises that the agency is now free to compete for replacement accounts in markets where gaps have occurred.

He also says that the financial impact on CDP "will not be as dramatic as events might suggest, in that a lot of overhead (principally the star

salaries of those that are going) has also left."

Mr. Lowe's move was not unexpected; but has dramatised the pace of new agency formations in recent months.

GEERS GROSS, the publicity-quoted advertising group with agencies on both sides of the Atlantic, reports a profits rise of 37.2 per cent in 1980 to £1.14m (£2.6m) on billings that were 27.1 per cent higher at £66.3m (£106.5m).

From its beginning, it says, its hallmark has been the creation of "simple, relevant, memorable brand properties" (the Flourgraders, the Country Life Buttermen, the KP Friars, et al)—a philosophy it is now pursuing in New York with campaigns for clients such as Kraft, Cella Wines, Coty, and the Sambo Restaurant chain.

"By speaking with one voice in both markets we look set to become the first truly international UK agency," it says. Company News, Page 26.

Etcetera

How Saab hauled itself back from the brink

BY MATTHEW SYMONDS

TO SAY that things looked gloomy for Saab (GB) three-and-a-half years ago would be the politest of understatement, for comparisons with Swedish winters and Bergman films spring easily to mind.

By contrast, the early 1970s had been boom years for Saab in Britain, traditionally its second biggest export market after the U.S. Sales had reached a peak of over 11,000 in 1973, the year before sharply higher oil prices sent the new car market reeling. But when the market eventually started to recover, Saab's sales kept on falling, so that in 1977 the Swedish car maker sold just 4,072 cars on the UK market.

Yet from a point when Saab looked almost ready to disappear in Britain, its fortunes have been transformed. This year, a bad one for the car market in general and for largest executive cars in particular, Saab is on target for sales of 10,000 cars. What is more, in a space of less than three years it has radically altered its image

and captured an entirely new and more profitable market. The turning point was mid-1977, when two things happened. A report on the UK operation was commissioned from the Stanford Research Institute. And a senior manager from Sweden was brought in as fire-fighter.

The immediate upshot of the SRI report was the introduction of a new management team (although several members of the old one stayed on), headed by SRI man John Smerdon, who had been brought in by Saab as a consultant.

One of those to come in with him was Roy Clements, formerly at British Leyland International, who had been headhunted for the job of marketing director. When Mr. Clements talks about what he and Mr. Smerdon discovered at what he calls the "point of inheritance," he shudders.

The old Saab 95/96, which before the slump had accounted for about half of Saab sales, was in terminal decline and in

its last year of production. Saab's other car, the 90, while enjoying a solid reputation, had been on the market for eight years and was also hardly setting order books alight. The company had another problem. Although unquestionably loyal, Saab's customers were literally dying out.

"Our typical customer was a professional chap living in a rural area, aged about 58, buying his last car and planning to keep it going for ten years," says Mr. Clements.

At the same time, the company was handicapped by a two-tier network through which Saab GB sold direct to just 13 distributors who then fed the retailers. According to Mr. Clements: "Saab had no dynamic contact with its dealers, no homogenous network. We were a small, parochial company which did not even have control over its stock of cars."

On the distribution side, the new Saab management moved quickly to establish a single-tier network by buying out the two-

year notice period of its distributors and establishing direct links with the dealers. By early 1978, it was close to being master of its own destiny in the UK and was gearing itself up for a unified national advertising campaign.

It was at this point that the company had its first real piece of good luck. It learnt that it would be getting the new Turbo—the first mass-produced turbo-charged production car.

"It changed everything," says Mr. Clements. "It enabled us to re-create the sporting image of Saab's rallying days, identify us as innovators and go after younger and more affluent customers." The Turbo was introduced by an advertising campaign handled by the Malmhead office of Brunning's. At the same time it was decided that all Turbos imported into Britain should be black in colour, to make a greater impact.

The advertisement simply showed the car in profile with the bold words above it: "Jet

Black."

Saab not only used the Turbo to give it a new image. It was employed as a carrot to improve the performance of the dealers. "Frankly, many of them needed pulling up by their bootstraps," says Mr. Clements. "They ran good service shops but were bad sellers. We created a separate franchise for the Turbo and said: 'Look, you can only have this car and the showroom traffic it will generate if you meet certain minimum standards.'"

To begin with, only half—about 100—made it. But eventually most made the grade. What was left was a tighter operation of 179 dealers with a new sense of purpose.

Which was just as well. A new car was on the way—the 900—with a significantly higher specification and greater size and selling price than earlier Saabs. It would be too expensive for traditional Saab owners, so the company realised that nearly every sale would have to be a conquest.

It was also realised that

despite the improvement in the dealer network, it was not financially strong enough for the rapid move up-market that would have to be made. The answer was to provide a complete financial service to the dealers so as to provide them with enough working capital for unit-stocking and higher price trade-ins.

The advertising success of the "Jet Black" campaign was also built upon. For the first time Saab (GB) achieved a nationwide launch with the 900 on the back of major colour advertising. Emphasising the 900's up-market pretensions, Brunning's produced the "Born To Lead" slogan.

The impact on the new models and the general streamlining of the company was dramatic. From sales of 6,400 in 1978, Saab sold just under 9,000 cars in 1979, the year of the 900's debut. Furthermore, a large proportion of those increased sales were of the more expensive 900s competing head on with BMWs, Rovers and the dearer Ford Granadas.

Last year, sales fell slightly, but with the executive car market in a state of virtual collapse, Saab nevertheless increased its segment share from 3.6 per cent to 4.6 per cent. So far this year, without any apparent recovery in the market, Saab sales are running at about 900 a month and should top the 10,000 mark by the end of the year.

Mr. Clements does not anticipate a startling increase in sales in future, but he believes that significant growth will come from Saab's improved base. While Saab customers have changed out of all knowledge and are now inherently less loyal, repeat purchases are still running at over 50 per cent of the total.

Above all, Saab has now won an image in the market-place that it can build on. Looking back, Mr. Clements says: "We have pursued a classic marketing strategy, which we were very fortunate to have been able to construct around the Turbo."

Strong advertising will continue to play a major part in that strategy, with Saab currently spending around £125 a car, one of the highest such levels in the UK. The current campaign, in the hands of Alexander, James and Dexter of Swindon, is once again showing an all-black Turbo. "The economy is not as black as it looks," it says, a sentiment gratefully echoed by Saab.

Business, as usual, is booming down Southern way. And, as usual, it's the unusual quality of the Southern audience that pulls in the advertisers.

Business as unusual.

Southerners are the most affluent people in this country. They drive more cars, drink more wine and garden more acres than anyone else.

They earn more and spend more. To reach them with your selling proposition, you need to contact Brian Henry, Marketing and Sales Director, Southern TV Ltd., Glen House, Stag Place, London SW1. 01-834 4404.

SOUTHERN TELEVISION

	Average Annual Percentage Increase 1970-1979	Total Reported 1979 Expenditures (\$m)
Italy	9-2%	1,077.9
Germany	9-8%	6,271.1
US	10-9%	49,520.0
Canada	12-1%	2,892.3
Switzerland	12-8%	1,265.0
Australia	15-3%	1,647.0
UK	16-8%	5,135.6
Japan	17-2%	8,851.0
Sweden	17-7%	1,673.2
France	17-8%	4,350.1
Spain	18-4%	1,259.3
Brazil	18-8%	1,650.0
Netherlands	20-5%	2,208.9

OF THE 12 countries outside the U.S. with annual advertising expenditures in excess of \$1bn, ten achieved advertising growth rates in excess of that of the U.S. during the period 1970 to 1979 says Interpublic in its annual report. Interpublic is the world's largest advertising agency group.

By 1990, it says, U.S. advertising expenditure is expected to reach \$137bn, more than twice what it is today. The projected gain reflects rising incomes and inflation, but is also based, says Interpublic, on a continued moderate increase in U.S. advertising expenditure as a percentage of GNP, from 2.14 per cent of GNP in 1980 to a forecast 2.20 per cent by 1990.

Total advertising expenditures outside the U.S., it says, are expected to rise almost 300 per cent by the end of the decade, to an estimated \$163bn. "For the most part," it says, "markets outside the U.S. have been expanding, and will continue to expand, at a rate exceeding that of the U.S."



BANCO MERCANTIL DE SÃO PAULO

is pleased to announce the opening of its

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6000 Frankfurt am Main 1
Telephone 06 11-72 34 44 — Telex 4 189 844
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Head Office:
Avenida Paulista 1450
São Paulo, Brazil

New York Agency:
One Wall Street
New York, N.Y. 100 15
U.S.A.

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London EC2N 1HH
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No export order is too small for us.

No export order is too big for us.

**We deliver
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of services
designed to help
all exporters win
more orders.**

A. A service for export orders up to £25,000.

At Midland Bank International, we have recognised that not enough is being done to smooth the path for the new exporter. Or indeed an exporter with an annual export turnover of about £250,000 or less, with individual transactions of £25,000 or less.

So, we have created our Smaller Exports Scheme – the first Scheme of its kind in the UK.

Under this Scheme we offer you 90% finance on exports sold on up to six months' credit. Interest costs are fixed, there is no recourse to you, your existing facilities are not affected and you do not have to hold an ECGD guarantee – we will handle that for you. You just have to fulfil your export undertakings.

The Scheme is also open to companies not currently banking with the Midland. All you have to do is apply for an export facility and open an account with us.

B. A service for medium sized export orders up to £1,000,000 or more.

Export orders of capital goods and services worth up to £1,000,000 or more and sold on credit of two years and over can cause a severe strain

on company cash flow, quite apart from the question of risk.

We can meet your export financing requirements for such contracts and even larger amounts in a number of ways. We can provide supplier credit finance based on your holding your own ECGD insurance cover.

Or, where exporters do not wish to obtain their own cover or have recourse problems, our export house London American Finance Corporation (LAFCO) can help.

LAFCO can arrange cover through their own ECGD policy and they carry the percentage of risk not covered by ECGD. In other words, this gives you 100% protection without any recourse to you. Also, LAFCO will pay you immediately on production of the export documents thus improving your cash flow. Moreover, they take over all the administration work and debt collection. All you must do is fulfil your contract with your customer.

Short term finance of up to two years with additional support services. Midland Bank International is also active in providing finance for credit periods of less than two years.

This finance is both for smaller export orders and larger transactions. It is based on either your holding your own ECGD comprehensive cover, with ECGD issuing a guarantee to the Bank in support. Or where you wish to offload the exposure and recourse, LAFCO can intervene.

In addition, we have Foreign Exchange, Factoring and Trade Development experts together with market information specialists who can help you win more export orders.

C. A service for major capital projects of £10 million or more.

On any major export project, our speed and flexibility as one of the world's leading international banks can be particularly helpful to you.

Our project experts provide you with swift and comprehensive advice on ECGD facilities, including the benefits of ancillary ECGD export services such as tender-to-contract cover.

Frequently, finance not supported by ECGD is also required for major projects to meet front-end payments, third country supplies and local costs. Here, we can provide you with the necessary support through our extensive Eurocurrency financing capability.

And to help bring the contract home, our Buyer Credit, Eurocurrency, Foreign Exchange, Leasing and Performance Bonding specialists are prepared to work as a part of your team and make your export package the most sophisticated and attractive one possible for your overseas client.

This can only be a short summary of the highlights from our complete service for all sizes of export orders.

However, you will probably agree that even such a summary demonstrates Midland's innovative approach to exporter's requirements, and why more and more exporters see us as their bank.

Whatever the size of your export order, we can provide comprehensive help towards increasing your export business. The earlier you involve us, the more we can help you.

So please get in touch with us early.

We deliver.



Test us.

Midland Bank International
Midland Bank Limited, International Division, 60 Gracechurch Street,
London EC3P 3BN. Telephone: 01-606 9944. Extension: 5465.

International Appointments

ASSISTANT MANAGERS

Saudi Arabia

£ Neg.

Major Commercial Bank

Our Client, a substantial commercial bank with strong international connections, is currently expanding its branch network throughout the Kingdom.

This growth dictates the recruitment of 3 additional bankers to assume senior positions within the bank. Ideal candidates will be in the age range 35-50 with good all round international banking experience including operations, trade finance and lending - previous branch management experience in Africa or the Middle East would be a distinct advantage.

These attractive and challenging positions are offered on the basis of an initial 3 year contract, with highly attractive tax free salaries and all the normal expatriate fringe benefits.

Contact Norman Philpot in confidence on 01-248 3812

NPA Recruitment Services Ltd

60 Cheapside-London EC2-Telephone 01-248 3812 3 4 5

Swaziland

General Manager

Sugar Industry

For the Swaziland Sugar Association, a corporate body legally established in 1967, which comprises two member organisations (i.e. the Swaziland Sugar Millers' Association and the Swaziland Cane Growers' Association) representing the largest investment in the Kingdom of Swaziland.

Sugar plays a dominant role in the national economy, providing nearly half of all exports; it is also the principal foreign exchange earner and about 80,000 people depend directly or indirectly upon the industry. The three major mills, with their supporting cane areas, at present have a total annual production capacity of 400,000 tonnes.

The Association regulates the Swaziland sugar industry and advises Government on matters relating to the industry. The successful candidate will be based in the capital, Mbabane. His main task will be to implement the policies and directives of the Association's Council supported by an executive team. His general responsibilities will cover marketing, government liaison, legal matters, overseas representation, the International Sugar Organisation and USA/

EEC sugar legislation as well as a wide range of financial/administrative functions.

This key post requires an efficient administrator with a proven marketing background. Probably aged 40-55, with graduate/professional qualifications, he should have a broad knowledge of the sugar industry or a similar commodity field. Appropriate African or developing territory experience would be an advantage. He must provide evidence of successful achievement and business acumen at senior level in commerce, industry or a marketing board.

Benefits include a substantial salary, 25% terminal gratuity, medical aid, attractive rent free house, hard furnishings, car, educational allowances where appropriate, overseas leave and agreed relocation expenses.

The appointment is on a contract basis and exceptional high earning candidates should not be inhibited from applying since it will be flexible enough to meet individual requirements. Please write in complete confidence with relevant career details to Michael Johnson quoting reference SWAZI/JJ108/FT on both envelope and letter.

Urwick, Orr & Partners Limited

Management and Selection Consultants

Baylis House
Stoke Poges Lane
Slough SL1 3PF

Malaysian Foreign Exchange Dealers

Develop your career back home with Citibank N.A.

Citibank N.A. is one of the world's largest and most progressive international banks with an excellent reputation for foreign exchange dealing.

The continuing expansion of our Malaysian operation now means that we are looking for Malaysian Foreign Exchange Dealers who wish to develop their career in Kuala Lumpur with Citibank.

To apply for these positions you must be a Malaysian national, aged 25-40, with substantial foreign exchange trading experience gained in a major bank, broking house, or similar financial institution. Qualifications are not as important

as experience for these positions, although obviously a degree would be an advantage.

We are offering an excellent package including an attractive salary, relocation expenses and subsidised housing. Additionally, prospects for career advancement for ambitious and able dealers are excellent throughout the worldwide Citibank network.

Please write with full details of background and career to date to: Edward Clark, RVP, Manpower Director, Asia, Australia, Middle East, Africa Banking Group, Citibank N.A., 336 The Strand, London WC2.

Citibank

International Banking

The International Division of this specialist Bank Recruitment Consultancy carries a wide ranging Portfolio of assignments including the following:-

MERCHANT BANKERS - Nigeria... to £60,000
MARKETING OFFICER - S. France... FF 170,000
CHIEF F.X. DEALER - Paris... FF 200,000
IN HOUSE COUNSEL - Paris... FF 180,000
HEAD OF SHIPPING - Brussels... £25,000
MARKETING OFFICER - Frankfurt... DM 65,000
F.X. MANAGER - Kuwait... £25,000
F.X. DEALERS - Paris... to FF 200,000
DEPOSIT/F.X. DEALER - Luxembourg... BF 1.6m

FINANCIAL CONTROLLER - Paris... FF 200,000
F.X. DEALER - Brussels... BF 1.4m
F.X./DEPOSIT DEALER - Luxembourg... BF 1.5m
M.B.A. FLUENT ARABIC - Paris... neg
EUROBOND TRADERS - Paris... FF 150,000
CREDIT ANALYST - Frankfurt... DM 60,000
CREDIT OFFICER - Luxembourg... BF 1.3m
M/EAST MARKETING MGR. - Geneva... Swf 100,000
EUROBOND DEALER - Luxembourg... BF 1m

Jonathan Wren
Banking Appointments

If you are interested in these or other opportunities please write in confidence enclosing a detailed curriculum vitae to Roy Webb, Jonathan Wren & Co., Ltd., International Division, 170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266. No identities divulged without permission.

ASSOCIATE DIRECTOR ADMIN & FINANCE

Overall responsibility for administrative support to research in internationally funded scientific research and training organisation in Bangladesh. Qual: Min. 10 years' senior management in large org. with experience in developing countries, EDP, international procurement, personnel, MBA, CA/CPA preferred. UN/WHO P5 plus overseas benefits. Application including qualifications, salary history to be received by June 15.

Director, International Centre for Diarrhoeal Disease Research Bangladesh
P.O. Box 128, Dacca-2 Bangladesh

INTERNAL AUDIT

AGE: 30-35 UP TO \$35,000 NEGOTIABLE + BENEFITS
ABU DHABI

Our client, a major financial institution in Abu Dhabi, seeks an internal auditor who will report to the Manager, Internal Audit Department.

He will be involved in the audit of managed portfolios, real estate and cash management and complete detailed reports and make recommendations on the effectiveness and accuracy of systems and controls.

Candidates must be qualified accountants, ACAs or ACCAs, and have about five years' experience in auditing. It would be an advantage to have some experience in the audit of systems and have some involvement in systems design.

Candidates must be willing to live in Abu Dhabi. The contract will be for a minimum of two years renewable thereafter. Salary will be negotiable up to \$35,000 and free of tax in Abu Dhabi. Free accommodation and medical facilities will be provided.

Please send a comprehensive career résumé, including salary history, quoting ref. 2002, to W. L. Tait

Touche Ross & Co., Management Consultants
Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.

FINANCIAL WRITING/PUBLIC RELATIONS SPECIALIST

The INTERNATIONAL MONETARY FUND, based in Washington, D.C., invites applications from qualified professionals for a position in its External Relations Department. Candidates should have a minimum of five years of work experience in financial writing and public relations. An excellent command of oral and written English is essential.

A good working knowledge of French and/or Arabic is also desirable. Candidates should have first-hand work experience in at least two of the following geographical areas: Asia, the Middle East, and Africa. The selected candidate would

work in a team with a group of highly specialized experts in financial and external relations matters. Competitive salary offer plus attractive benefits package, including home leave every two years, retirement plan, medical and group life insurance plans.

Qualified candidates should send a detailed curriculum vitae:

For the attention of Mr. Luis Tassara

Recruiting and Training Division
International Monetary Fund
700 19th Street, N.W.
Washington, D.C. 20431

GENERAL MANAGER CREDIT AND MARKETING LAGOS

Required by The First National Bank of Boston to work in a joint-venture Merchant Bank, offering a full range of merchant and commercial bank services.

Reporting to the Managing Director, the General Manager will be responsible for credit and marketing, credit policy and overall

supervision of the loan portfolio. A minimum of three years' commitment to Nigeria is expected and a long-term career with The First National Bank of Boston is anticipated.

Applicants, who will probably be aged over 35 years, should have a minimum of 5 years' credit marketing experience with an international bank, preferably gained in Nigeria or another African country.

The person selected will be placed on our U.S. payroll and benefits will include free housing, transport, education and return trips to country of origin.

Applications in writing to: Ian Eaglestone, Personnel Director, The First National Bank of Boston, 5 Cheapside, London EC2.



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BERMUDA GOVERNMENT AUDIT DEPARTMENT

Assistant Auditor -

\$25,996 rising by annual increments to \$27,983

Candidates are invited to apply for the post of Assistant Auditor.

The successful candidate will work under the general direction of the Government Auditor or Deputy Auditor in supervising the audits of Government departments and quasi-government organisations. Duties include preparing reports on internal control and systems efficiency; undertaking special investigations; developing audit programmes; and giving advice at senior level on all aspects of accounting.

Candidates must hold an internationally recognised accounting qualification. They should also possess three years post-qualification experience, including all aspects of auditing. However, professionally qualified candidates without that length of service, particularly if their qualifications are acceptable to the Institute of Chartered Accountants of Bermuda for the public practice of auditing, would be given favourable consideration for appointment.

The appointment will be for a contract period of three years. Passages, baggage and settlement allowance will be provided.

There is no income tax in Bermuda, and BDS=US\$.

Airmail applications, giving full personal, education and career details, should be addressed to:

The Secretary
Public Service Commission
P.O. Box 5-24
Hamilton
Bermuda

Applications should arrive not later than 11th June 1981.



**MANAGEMENT
SERVICES**
To FF 180,000

REMY MARTIN, producers and distributors of fine cognac, due to promotion, seek an Assistant to the Management Information Services Manager. The position provides the opportunity to contribute to and influence the Company's growth and future development. Prospects for personal advancement are excellent.

The successful candidate will be aged around 28, qualified ACA or ACMA and must speak fluent French. He will be based in Cognac, be prepared to travel as required and have the flexibility to cope with unexpected developments coupled with an original approach to problems. (WR.841)

Candidates should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W1, quoting reference. No identities divulged without permission.



**MINING
FINANCE**
Pacific Basin

Major Banking Group with Hong Kong base seeks a Mining Finance Executive to develop its technical business capacity to service the growing mineral extraction and refining industries throughout the Pacific Basin.

The ideal candidate will be a graduate in Mining or Geology, with broad practical experience of extraction and production techniques, and practice in project analysis gained in a financial environment.

This career opportunity offers a high reward package including base salary plus substantial profit share, housing and outstanding overseas benefits. (TW.770)

Candidates should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W1, quoting reference. No identities divulged without permission.

For a recently installed modern factory for the production of pharmaceuticals located in Ras Al-Khaimah (U.A.E.) we have a vacancy for:

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The candidate should be able to solve all matters of production and management according to GMP regulations.

We expect for this prestigious job application a graduated pharmacist aged between 35 and 45 years with at least five years experience working with pharmaceutical products. A good command of English is necessary.

We offer a good salary, bonus on the revenues and attractive living conditions.

Please send your application and c.v. to:

MR. M. E. DURR,
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Young accountant

Liverpool £12,000



For a long established and consistently profitable quoted UK group with interests in distribution in the UK and North America.

Working closely with the Group Financial Director you will assist him with the preparation of budgets, long term plans and capital projects. You will also manage a small department responsible for monthly and annual accounts, the treasury function and the provision of management information. The group makes extensive use of computers.

This post should be attractive to you if you have been qualified for two or more years and are looking for an opportunity to widen your experience in a well managed business.

Resumes including a daytime telephone number to E J Robins, Executive Selection Division, Ref. F496.

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Channel 4**Controller of Finance**

London Remuneration £20/25,000 p.a.

The newly established Channel Four Television Company plans to commence operations in the Autumn of 1982 and the top management team is now being assembled. A key member of this team will be the Controller of Finance.

The person filling this post will be a chartered accountant, probably under 40, with at least 10 years' post qualifying experience in well managed industrial/commercial companies. Experience must have included project evaluation and control, the innovation of new procedures, the use of advanced computer systems for financial management as well as the normal duties of a chief finance executive and company secretary in a progressive organisation. The company is looking for entrepreneurial flair and enthusiasm as well as first class accounting ability.

An attractive remuneration package, a challenging job and a promising future awaits the successful applicant.

For an application form, telephone 01-236 3561 (24 hour service) or write, in confidence, to E. M. Nell, Executive Selection Division, quoting reference 4006/L.

Peat, Marwick, Mitchell & Co. 165 Queen Victoria Street, London EC4V 3PD.

Group Finance Director

For a very successful public company with turnover of around £350m, based in the South-East. The group is decentralised in structure and diversified in interest.

• **RESPONSIBILITY** is for all aspects of the function, with emphasis on financial policy and practice, and on financing.

• **THE REQUIREMENT** is for a qualified accountant now holding a top management position in a public company, and having considerable personal stature.

• **PREFERRED AGE** 35-45. Remuneration £35,000-£40,000.

Write in complete confidence
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Home Counties

c. £20,000 + Car + Benefits

Our client is a major multi-national with a pre-eminent position in an advanced technological field.

This is a new appointment and the European Tax Manager who reports to the North American Head Office will act as co-ordinator and internal advisor to all the European operations. Key tasks will include the tax implications of organisational structures and financing strategies.

Candidates, male/female, should be qualified accountants in their late twenties or early thirties. Sound corporate tax experience gained either in practice or industry/commerce is essential as is the ability to work independently and communicate with management at all levels.

There are excellent prospects for future career progression either within tax or in general financial management in Europe and/or North America.

For further information, please write enclosing a c.v. or telephone either Barbara Lord M.Sc. or Richard Norman F.C.A., 410 Strand, London WC2R 0NS. Tel: 01-838 9501, quoting reference 3253.

DOUGLAS LLAMBIAS

Douglas Llambias Associates Ltd.
Accountancy and Management Recruitment Consultants
and at 26 West Nile Street, Glasgow G1 2PF (041-226 3101)
3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

**FINANCIAL CONTROLLER**

£18,000 p.a.

Domay Foods is a member of the Mars Group of Companies, manufacturing and marketing a range of high quality foods. The company is currently expanding its product range and extending into new technologies which make this job an exciting prospect.

The Financial Controller will play a central role in the business with specific responsibility for financial accounting, cost accounting, financial planning, and fiscal matters. An important aspect of the job is that of giving creative advice and support to other functional managers in a fast changing environment.

The job is suitable for a qualified accountant in his or her late twenties who can demonstrate successful, relevant, industrial experience. Knowledge of fast moving consumer goods and design of computerised accounting systems would be advantageous.

The starting salary will be at least £18,000 p.a. with a non-contributory social security scheme. Assistance will be given with relocation to King's Lynn, a town offering many advantages in housing and recreational facilities, with unspoiled countryside and coastline within easy reach.

For an application form please write to:-

John Dawson,
Domay Foods (Division of Mars Limited),
Hansa Road,
King's Lynn,
Norfolk PE30 4JE.

DORNEY FOODS

Portfolio Manager
Up to £15,000

Our client, a small Trust Company located in the City, is seeking an experienced portfolio manager to administer discretionary trusts.

Probably aged 40 to 50, applicants will have wide experience of discretionary portfolios, gained within the Private Client department of an Institution or a Stockbroker, and have knowledge of both U.K. and International markets. The ability to work in a small, highly professional company is essential.

The successful candidate, male or female, will be responsible for the administration of all the portfolios under management. Working conditions are very pleasant for a steady individual who now wishes to be closer to clients than is possible with a larger organisation.

Please contact Anthony Innes who will treat all enquiries in the strictest confidence.

Stephens Associates

International Recruitment Consultants
35 Dover Street, London W1X 3RA. 01-493 0617

CHIEF ACCOUNTANT
INSURANCE BROKERS

City

Age 25-35

c. £12,500 + Car + Mortgage Subsidy

THE COMPANY

Our client is a rapidly growing Lloyds broker. A young management team is combined with a professional and forward looking approach.

THE POSITION

Reporting to and deputising for the Financial Director Responsible for the operation of the Accounts Department and participating in the development of a new computerised system.

THE PERSON

He/she must be a qualified Accountant with experience in the insurance industry. Experience and interest in systems work are important, together with administrative and management skills.

Please write or telephone in the strictest confidence to Ian Willis:

IAN WILLIS ASSOCIATES LTD.

Executive Selection Consultants

16 Regency Street, London SW1P 4DD.

Tel: 01-821 6543 or 821 6229.

Group Accountant

c. £12,000 + Car

A long established and successful trading company wishes to strengthen its management by the appointment of a group accountant. The company is an autonomous member of a large quoted food combine and has interests in commodity trading, shipping, manufacturing and merchandising.

This position will be a senior financial and management operations role within the company. Initial responsibilities will be to exercise financial control over the group's trading activities and to develop management information systems using the in-house computer facility.

The company is looking for a qualified graduate accountant with technical ability, energy, and initiative allied to a common sense approach to the appreciation and solution of problems who will be committed to the successful progress of the business.

To apply please send a detailed c.v. to:

R. H. Leland, Managing Director
MARDORF PEACH & CO. LTD.
52 Mark Lane
London EC3R 7PE

European Controller

apple computer inc.

Slough then Paris over £22,000 + car

Apple Computer International is the world leader in personal computing. Expansion into Europe will accelerate their impressive growth and earnings record.

The European Controller will play a significant role in achieving corporate objectives, combining financial planning and performance monitoring with control of the accounting function. Based in Slough initially, the post will relocate to Paris in 1982.

Candidates, qualified CA/CPA or equivalent, must have exposure to marketing-led growth in an international environment, reporting to US standards. Experience of European tax and currency procedures will be advantageous. Self confidence and determination will fit well with the management team. Age, mid 30's.

Please reply in confidence giving concise career and personal details and quoting Ref. U905/FT to P.J. Williamson, Executive Selection.

AMS

Arthur Young Management Services
Rolls House, 7 Rolls Buildings
Fetter Lane, London EC4A 3NL

N.M. Rothschild & Sons Limited**Loan Executive**

We have a vacancy for an ambitious Loan Executive whose responsibilities will include credit analysis, appraisal of lending proposals and the development of corporate client relationships.

The successful applicant will be aged between 25-35 with an appropriate professional qualification, e.g. ACA, AIB and have a thorough grounding in this field. This must include experience of dealing with major clients, together with a good knowledge of the sterling and eurocurrency markets.

An attractive remuneration package will be offered to the right candidate.

Please write with full details of career to date to:

P. E. Jones,
N.M. Rothschild & Sons Limited,
New Court, St. Swithin's Lane,
LONDON, EC4P 4DU.

**REGION ACCOUNTANT**

London based with travel

c. £14,000

Flopetrol is the world's foremost well-testing company. We are a rapidly expanding subsidiary to the Schlumberger group involved in high technology oilfield service operations. We are currently seeking an accountant who will be based in London, but who will be required to travel frequently throughout a large multinational operating region.

As Region Accountant, responsible directly to local management and functionally to Corporate Finance, your duties will cover the total accounting function - management, legal and fiscal. You will be fully qualified, aged 27-30, will ideally have had exposure to

multinational organisations with some overseas experience, and will certainly have the sort of personality and skills to thrive in a very demanding environment. The prospects for the right candidate are outstanding.

The remuneration package will be generous, with an attractive salary and a competitive range of progressive benefits.

In the first instance, please send full details to:
Mr. Peter Calder,
Flopetrol Services Inc.,
81 Piccadilly,
London W1V 9HF.

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Jonathan Wren Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

U.K. LENDING OFFICER
to £16,000.

Young, ambitious graduate banker (mid-late 20s) sought for U.K. business development role with prominent and expanding European bank. Candidates should have current experience of marketing the credit/lending services of an international bank in the U.K.

BOND SALES EXECUTIVE
c. £18,000

Powerful London-based international investment bank wishes to engage an additional Bond Sales Executive who should have a stable and successful track record of some 3-5 years, specialising in the U.K., U.S., Middle East or Europe.

INVESTMENT MANAGER
to £12,500

Eminent merchant bank requires an additional Fund Manager, aged 25-32, with a background of several years' relevant experience in merchant banking or stockbroking.

CHARTERED ACCOUNTANT
c. £9,000

Assistant to Chief Accountant of soundly-backed international bank. Candidates should be Chartered Accountants in their 20s, newly/recently qualified.

DOC. CREDITS/ CREDIT ANALYSIS
to £11,000

Ambitious, hardworking banker (25-32), with all-round Documentary Credits exposure and ability in credit analysis, sought for challenging and progressive role as assistant to a senior manager in a growing European bank.

CREDIT ANALYST
Birmingham
to £9,000

For a leading U.S. bank subsidiary. Candidates, aged 24-27, should have banking backgrounds including sound knowledge of balance sheet analysis. Appointee will be Birmingham based, following initial 2 months' London training.

For further details, please telephone Brian Gooch or Paul Trumble.

First floor-entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

Finance for Industry Limited

wish to recruit an

INVESTMENT BANKER

with a special interest in shipping.

to join the staff of FINANCE FOR SHIPPING - FFS - which is FFT's subsidiary dealing with the financing of the marine industries. FFS has experienced considerable growth in recent years and is involved in individual investments ranging up to £25m.

The person we are seeking will have a keen interest in business, particularly the marine industries, and the personal qualities to deal effectively at the highest level with the management of major companies. He or she will join a small highly motivated team whose job is to analyse all aspects of investment propositions in order to recommend the extent and form of FFS involvement.

The negotiation and documentation of complex transactions involving leasing, loan and equity finance, together with all the technical problems which arise during the life of the investment, are a substantial part of the team's work.

The team is also responsible for advising on OECD credits through Ship Mortgage Finance Company.

The successful applicant will have a university degree or a professional qualification. He or she will be in their late twenties or thirties with good and relevant experience gained probably in a merchant bank, in some sector of the marine industries, or in the professions.

A competitive salary is offered and the benefits include a car, an advantageous house loan scheme, generous pension scheme, life assurance etc.

Please write to:-

Mr W.B. Kirkpatrick, Director and Manager,
Finance for Shipping Limited,
91 Waterloo Road, London SE1 8XP.

with sufficient detail to make an application form unnecessary.

All applications will be treated in strict confidence.

CHIEF EXECUTIVE - PACKAGING PRODUCTS £30,000+pa

The client a London based public company requires a CHIEF EXECUTIVE with demonstrable success in developing a profitable group of companies by: market extension, product innovation, licence agreements, and acquisitions.

The packaging interests presently have Sales of £25Mpa, and growth is required to generate pre-tax profits of £5M by 1984.

Candidates should write to Derek J. Shepherd as the consultant advising the client, quoting reference FIL-8101, and giving a comprehensive Resume of their career to date.

MSMS

INTERNATIONAL LIMITED
115, Mount Street,
London. W1Y 5HD
Tel: 01-493-6807

Action Controller Youth Employment Initiative

The Swale Work Initiation Measure, known as SWIM, has now been established in the Swale area (Sittingbourne, Sheerness and Faversham in Kent) - it represents a unique and dynamic community response to the problems of youth unemployment in the area. The specific objective of SWIM is to take positive and constructive steps to encourage and create work and training opportunities in Swale for all young people.

The Board of Directors represent all branches of the Swale Community including Employers, Trade Unions, Kent County Council, Swale Borough Council and the Manpower Services Commission. Already the Swale Borough Council have demonstrated their commitment to SWIM and have set aside £25,000 for employment promotion activities through SWIM; in addition a community fighting fund is being established and many of the activities of SWIM will take advantage of funding through the Manpower Services Commission.

The next critical step is to appoint a full time Action Controller whose task will be to provide leadership and stimulate action. Reporting to the Board of Directors the job is action orientated, building on existing initiatives to create work and training opportunities, developing and fostering new ideas and facilitating programmes of action which need either stronger support from employers or additional resources and facilities through existing Government Agencies.

Candidates, preferably aged 30-50 must be effective co-ordinators and capable of developing and marketing the objectives of SWIM. A creative and innovative approach is needed from a person who has had meaningful industrial or commercial experience. An attractive salary and benefits package is negotiable which includes an initial contract for two years. We need to move quickly on this appointment and if you are interested OR if you know of a person that might fit the specification then in strict confidence contact Gery Cassell, Managing Director, New Appointments Group, Personnel & Selection Consultants, 5 Park Road, Sittingbourne, Kent. Tel: 0795 73431.

nag

New Appointments Group
Personnel Consultants

THE HOUSING CORPORATION promotes, funds and monitors housing associations. Following the promotion of the present post holder we need a

CHIEF INTERNAL AUDITOR

£14,015-£15,641 + car (under review)

For this key post, reporting to the Chief Executive, we are looking for a qualified accountant with at least five years' experience in the application and review of modern audit techniques. The opportunity is likely to be of particular

interest to someone with substantial post qualification experience at managerial level in either the public sector or with a large professional firm. It is unlikely that candidates under 35 years of age will have the all-round experience required.

For further details and an application form, contact Jean Margie, Chief Officer - Personnel, The Housing Corporation, 149 Tottenham Court Road, London W1P 0BN. Tel: 01-387 9466, extn. 344.

The Housing Corporation

MANAGING DIRECTOR

As our Managing Director will shortly be leaving to take up a new appointment with the parent company in Norway, we are seeking his successor. Borregaard Marketing Company represents the Mills of Borregaard Industries Limited in Sarpsborg, Norway, for the sales of pulp, fine paper, rayon staple fibre and non-wovens in the United Kingdom and Eire. In addition we are involved in trading - at present mainly in textile yarns. This trading activity will be expanded to other products allied to those which we now market.

As a special emphasis is being put on fine paper marketing, it is necessary that the new Managing Director should have wide experience in this field. Because of a planned expansion in trading activities some experience in international trading is also desirable.

Further information may be obtained by contacting Ole H. Clausen, Borregaard Marketing Company Limited, Norway House, 21/24 Cockspur Street, London SW1Y 5BZ, telephone 01-839 4244.

Applications should be sent to:

Jon Troften, Borregaard A.S.

PO Box 162, N-1701 Sarpsborg, Norway

Borregaard A.S. is one of Norway's largest and most diversified industrial groups. It comprises production and sales companies in the fields of chemicals, consumer goods, pulp and paper, mining, international trading, etc. The Group has close to 7,000 employees. Annual turnover is approximately Nkr3.4 billion - about £285 million - of which nearly half is from exports.



BORREGAARD
MARKETING COMPANY LTD

Internal Auditor

c. £10,500 + Car

The Wilkinson Sword Group is now being integrated as a major division of the Pittsburgh based Allegheny International Group and wishes to strengthen its internal audit department. Reporting directly to the parent company in Pittsburgh, this department is responsible for the audits of both Allegheny and Wilkinson subsidiaries in Europe and Africa.

The post requires, therefore, a well-qualified man or woman (ACA, ACMA, ACCA), preferably a graduate looking for their first or second job in industry. Self-motivation is essential and he or she must be able to make an immediate contribution to the team effort. The position will entail up to 50% travel within the UK and overseas.

As well as the excellent salary there are, of course, the usual benefits normally associated with a large international company.

For further details please apply with full CV to Judith Elbling, Wilkinson Sword Group Limited, Langley Hall, Langley, Slough, Berkshire.

WILKINSON
SWORD

Accountant for Lloyd's Brokers up to £25,000

One of our clients requires a qualified accountant with practical experience in the insurance market, preferably at Lloyd's, to control the whole accounting/finance department of the company. Reporting directly to the Managing Director, there will be opportunity to fully extend management skills and financial knowledge and there will be a substantial degree of independence in operation. This is a career appointment and for the successful applicant there are good prospects for promotion to the Board and the possibility of an equity share in the company. Apply in strictest confidence to Stuart Rochester, giving details of career and experience to date, and listing in a covering letter those firms for which you do not wish to be considered.

Neville Russell,
Chartered Accountants
30 Artillery Lane, Bishopsgate, London E1 7LT.

McANALLY, MONTGOMERY & CO.

require an

Experienced Investment Manager

to fill a senior executive post in their Glasgow office. The successful candidate will, in addition to managing a number of in-house discretionary funds, be required to co-ordinate investment policy in conjunction with a London-based research team. An attractive salary will be paid together with other benefits commensurate with age and experience. Interview can be arranged either in London or Glasgow. In the first instance, please send details of career to date or telephone: N. H. Campbell, Esq., McANALLY, MONTGOMERY & CO., De Quincey House, 48 West Regent Street, Glasgow G2 2RB 041-333 9223

McANALLY MONTGOMERY & CO.

Members of Stock Exchange

An experienced

Investment Manager/Executive

required to work with the Partner responsible for the Private Client Department. Salary commensurate with age and experience.

Contact in confidence: N. R. Wilson
MESSRS. McANALLY, MONTGOMERY & CO.
18 Finsbury Circus, London EC2M 7BH 01-585 2311

SENIOR DOCUMENTARY CREDITS CLERK

A senior position at our Head Office. Applicants need a minimum of five years' experience of all aspects of letters of credit in banking. Position carries good promotional prospects; Salary according to qualifications.

Please write with c.v. to:

Mrs S. Bendelman
Personnel Department
BANK LEUEN (UK) LTD.
PO Box 2AF, 4-7 Woodstock Street
London W1A 2AF

Corporate Management Accountant

From £11,000 (including London Allowance)

Shell U.K. Limited - the U.K. operating company of the Royal Dutch/Shell Group - require an accountant to join the corporate management accounting team in the Financial Controllers department at Head Office (Shell-Mex House). Your duties will include the analysis of divisional operating plans and results and the preparation of top-level management information. In addition, the department co-ordinates the Company's capital expenditure budget, and is involved in the preparation of medium and long-term plans. Consequently this post offers a unique opportunity to obtain an overview of one of the largest oil companies as a starting post for further opportunities in Shell.

You should be a graduate accountant in the age range 25-32. You should be used to working to tight deadlines, and should be able to demonstrate a high level of both analytical and diplomatic skills. Initially you would be based in London, but opportunities could arise at a later date for assignments elsewhere in the United Kingdom and overseas.

Starting remuneration will depend upon experience but will not be less than £11,000 (including London Allowance). We offer an excellent pension scheme plus other benefits, including relocation expenses where appropriate.

Please telephone or write for an application form quoting reference 1/25, to:

SHELL U.K. LIMITED, DKPCF/62,

Shell-Mex House, Strand, London WC2R 0DX

Tel: 01-438 3929



BAHRAIN

£16,000 tax free plus bonus

Bank Head Office Auditor

Our client is one of the biggest banks in Bahrain. They now seek a Head Office Auditor who will report directly to the Managing Director. The post is challenging and in addition to performing an existing programme of internal checks, the successful candidate will also be responsible for assisting external auditors, reviews of operational procedures and controls, special investigations and the training of supervisory subordinates.

Preferably under 40 and single, he or she will be a qualified Chartered Accountant, with a minimum of five years' bank-related audit experience, who will be able to demonstrate a close familiarity with bank operating systems and procedures and internal control and computer-based financial reporting systems. European nationals are welcome provided they are fluent in English.

An initial three-year contract will be offered and in addition to salary the successful candidate will be eligible to participate in the Bank's annual bonus scheme. Other benefits include free furnished accommodation and medical treatment, and 35 days' paid leave per annum.

Letters of application, together with CV, salary progression and any other relevant data, should be sent without delay to Mr C.A. Cotton, M.H. Consulting Group Limited, Park House, 22-26 St. Smith Street, London SW1P 3BU, quoting reference A.256.

M.H.

Consulting Group of Companies

Financial Analyst

c.£12,000+Car

A leading Chartered Accountant from a major professional firm with 2 years well rounded post qualification experience and a record consistent with eventual partnership is required for a position which covers a wide and demanding range of duties. The Financial Analyst will at varying times be involved in corporate planning, corporate and operating unit budgets, cash flow projections, financial forecasts, financial appraisals (both internal and external to the Company), financial and systems investigations, the review of management reporting and the preparation of reports for the Board.

Our client, Sainsbury Centre Limited is a very successful and expanding Hypermarket operation which combines the expertise and resources of J. Sainsbury and British Home Stores. The business involves substantial capital investment, a very high standard of management, and very effective control systems. The Financial Analyst will report to the Financial Controller and will consistently work with senior executives. There are good prospects of a progressive career. The position will be based at Wokingham, Berkshire. Re-location assistance will be considered where appropriate.

For additional information please contact, in confidence, B. H. Mason at 78 Wigmore Street, London W1H 9DQ, quoting reference 6053/FT. Both men and women may apply.

John Courtis
and Partners

YOUNG FINANCE MANAGER

£ Negotiable around 5 figures

This is a new appointment based in Central London which arises as a result of the rapid expansion of a Group of Companies whose interests in travel, haulage and ferry services represent the British based activities of a major international industrial shipping group.

The candidate to be appointed will work closely with the Financial Director and carry responsibility for a large part of the financial accounting operations. The development of a fully computerised accounting and management information system is a major priority. Applicants must be Chartered

Accountants aged up to 30, who are prepared to travel to various locations from time to time. They must be adaptable and capable of operating effectively across a wide range of tasks.

Career prospects are outstanding and a comprehensive package of fringe benefits are offered including substantial travel concessions.

Please apply in writing quoting 8080, to Peter Barnett F.R.M., M.I.M.C., Barnett Keel Personnel Consultancy Services Limited, Providence House, River Street, Windsor, Berks. SL4 1QT. Tel: Windsor 56723. Telex: 849323.

Barnett Keel
MANAGEMENT SEARCH

Trust Management

Applications are invited for this unusual appointment in a position of considerable responsibility and confidentiality.

Whilst an accountancy, legal or company secretarial qualification is desirable experience in cash management, the handling of family and trust finances is essential. This is a very small team in contact with individuals and organisations handling financial and insurance affairs.

Impeccable integrity plus a professional approach and appearance are important attributes together with tact and a feeling for personal financial situations.

An appropriate salary reflecting the importance of the position will be negotiated and it is located in London.

This appointment is open to both male and female candidates who should send adequate particulars initially, in confidence, to Peter Lee-Hale, Personnel Services Division of:-

Spicer and Pögl Management Consultants, St. Mary Axe House, 56-60 St. Mary Axe, London EC3A 8BJ.



Lending Officers

European Extractive Industry Group

Due to the rapid expansion of our business we have a requirement for additional first class Loan Officers in our London based European Extractive Industry Group. The positions are key to our world-wide development plans and will provide interest to self-starters with existing experience of the industry. The Officers, male or female, should be willing to travel and possess strong marketing, credit and documentation skills.

At Assistant Vice President level these positions are challenging and offer excellent prospects for career development. A competitive salary will be accompanied by a full benefits package.

If you are interested in applying, write with full salary and career details to: Teresa Andrews at the address below.

MARINE MIDLAND BANK, Ltd., 84 Moorgate, London EC2R 6JR



QUALIFIED ACCOUNTANTS £9,000-£16,000

There is no shortage of career development opportunities for high calibre qualified accountants and we, at Gresham Executive Appointments, are currently assisting a number of major companies across a wide range of industries to fulfil their U.K. and international recruitment needs.

We would be interested to hear from recently qualified accountants as well as those who can demonstrate successful progress in the profession or industry/commerce. Whether or not you are currently looking for a new appointment, you may find it helpful to discuss your career objectives with one of our specialist accounting and finance consultants.

As a first step, please send, in confidence, a brief C.V. to Angela Brough, Gresham Executive Appointments, West End House, 11 Hills Place, London W.1. or telephone her on 01-439 1466.

Gresham Executive Appointments

Eurobond Sales

Our client is a leading International Bank, based in the City, in connection with the expansion of its Eurobond sales operation, it wishes to appoint a further Institutional Sales Executive who will be wholly responsible for a particular geographical area of the market. This position will therefore involve a certain amount of international travel. You will be a graduate, probably aged between 25 and 30 and have had at least one year's experience of the Eurobond market, either while working for a City Stockbroker or a Merchant Bank. No great depth of knowledge of Eurobonds is required, rather a solid financial career to date and the ambition to develop further a highly successful international sales operation.

The remuneration consists of a very competitive five-figure salary, plus a bonus based on performance. There is also a full range of fringe benefits including an excellent housing scheme.

Please telephone or send a detailed C.V. in strict confidence to: Miss Philippa Rose, Crone Corkill & Associates Ltd., 23 Woodward Street, EC2. Tel: 01-628 4835.

Crone Corkill
(Recruitment Consultants)

DEVELOPMENT OFFICER FOR PROJECTS

U.K. office of overseas group is looking for a Development Officer for Projects.

The successful applicant will be capable of assessing the full requirements of a variety of projects worldwide, and preparing full feasibility studies, layout plans, etc., on a turn-key basis, and have qualifications in economics and/or business studies and administration, and have had previous working experience in this field. The Company is based in modern offices in the Harrow area of Middlesex and salary is negotiable according to qualifications and experience.

Initially please send full career history or C.V. to: Box A 765, Financial Times, 10, Cannon Street, EC4P 4BY

GROUP FINANCE DIRECTOR

(Designate)

Luton

Our client is a medium sized, successful and expanding group manufacturing high quality automated special purchase machinery for large batch or flow line production, and other general engineering products. They wish to strengthen their management team by recruiting a group finance director (designate) responsible to the chief executive.

The main areas of responsibility will include control of the group's accounting function, improving management information to monitor performance, preparing budgets, cash forecasts and longer term financial plans, co-ordinating and leading the development of improved systems and procedures throughout the group, negotiating appropriate facilities, and contributing positively to the evolution of group financial plans and policies.

Candidates, preferably aged 35 to 45, must be qualified accountants with extensive experience at a senior level in engineering/manufacturing industry and with the maturity to make a constructive contribution. The salary is negotiable, plus car and appropriate benefits.

Applicants, male or female, should write in strict confidence with full details of previous experience and current salary, quoting reference NR 1731 to J. W. Hills at:

**Neville Russell A.I.M.,
Management Consultants,
40/43 Chancery Lane, London WC2A 1JJ.**

A.I.M.

Young Qualified Accountant

Around £10,000 +
Banking Benefits Package

Grindlays Bank Group is a leading international bank with assets exceeding £3.8 billion. With head office in the City of London it operates through a network of branches, subsidiaries and representative offices in 40 countries, providing a wide range of commercial banking, merchant banking and related financial services to major customers.

We need a Young Qualified Accountant to join the Group Financial Controller's team and assist in the preparation of consolidated financial planning and in the development of accounting systems and policies. The post will provide wide technical experience and it is envisaged that career prospects will be in the context of the international group.

Applicants must be qualified chartered or certified accountants, preferably with two or three years' post-qualifying experience in a banking environment.

Starting salary will be around £10,000 and an excellent benefits package includes subsidised house mortgage scheme, non-contributory pension scheme and staff restaurant.

Please apply with full career details to R. J. E. Barker, Grindlays Bank Limited, 38 Fenchurch Street, London EC3P 3AS.



Grindlays Bank Limited

INTERNAL AUDITOR

The Chevron Group of Companies are engaged in Europe in all major segments of the oil industry including, the exploration for, and production of crude oil, and the refining and marketing of a complete line of petroleum products.

We need a qualified accountant, or experienced auditor, to join the UK staff of our expanding European Internal Audit Team. Our company recognises the importance of a strong internal audit function and provides the prospect of a challenging career in auditing with the additional opportunity for movement into line management.

The post will be based in Croydon with some UK travel involved and possible audits overseas. The successful candidate will require the ability to deal with top management and a large degree of independence.

We offer very competitive remuneration including an attractive benefit package.

Interested applicants should write with curriculum vitae to:

**Mrs. Lynn Pendlebury,
Chevron Oil Europe, Inc.,
Southside, 105 Victoria Street,
London SW1E 6QU**



FIDELITY INTERNATIONAL MANAGEMENT, the rapidly expanding U.K. company in the International Fidelity Investment Group, require two more people to join their hard-working team in modern offices in the City.

Assistant Marketing Manager

To be responsible for the production of all promotional literature and building up direct mail systems. The successful candidate is likely to be aged 25-35, articulate, enjoy hard work in a stimulating environment and ideally have experience of marketing in an investment, insurance or banking field. An attractive salary is offered together with excellent fringe benefits including bonus, non-contributory pension scheme and luncheon vouchers.

Unit Trust Assistant Dealer

To work in the Unit Trust-Dealing Department. The position involves the processing of deals in the Fidelity Unit Trusts and Offshore Funds, a function which will be aided by computer systems. After training, the person will be required to act in a dealing capacity on the telephone. It is essential that the applicant is numerate and accurate with a pleasant telephone manner. The position will offer a competitive salary together with generous fringe benefits to include a bonus. It is likely that the age of the applicant will be 20-30.

Both positions offer excellent opportunity to join a successful, growing Company in the early years of its development and thus there are good career prospects. Please send a comprehensive CV to the Finance and Administrative Director, Fidelity International Management Limited, Buckingham House, 62/63 Queen Street, London EC4R 1AD

Fidelity

Oil Analyst EDINBURGH

Wood, Mackenzie & Co. are members of The Stock Exchange with offices in Edinburgh, London and New York.

We wish to appoint an analyst to strengthen our expanding UK and international oil company coverage. Candidates are likely to be in their mid-twenties, preferably with experience of investment analysis in the oil sector. Persons with an industry background will also be considered.

In addition to a fully competitive salary, the firm operates a profit related bonus scheme and contributory pension scheme.

Please apply in writing with brief details to:
**Tony Mackintosh, Wood, Mackenzie & Co., Stockbrokers,
Erskine House, 68-73 Queen Street,
Edinburgh EH2 4NS.**



WOOD, MACKENZIE & CO.
MEMBERS OF THE STOCK EXCHANGE

The best accountants are ambitious

London base, £12,500 - £17,000+



Even a highly successful career with one or two organisations can leave an able and ambitious accountant looking for additional experience and challenges to provide a better base for the demands of the future.

A period in consultancy can meet that need by exposing you to a wide range of technical and commercial problems and to new industries. The work is demanding but satisfying. You will be required to deal with management at all levels, and your work will fall in some or all of the following main areas:-

- systems assignments, involving the development and implementation of sophisticated management information, costing and accounting systems, usually involving computers and, where appropriate, packages
- profit planning and improvement studies, which means working with corporate strategy, marketing, production, O&M and other specialists
- financial analysis, including investigations and feasibility studies, often working in conjunction with our economic studies staff.

We will expect you to be a qualified accountant in your late twenties to mid-thirties; have a record of success, ideally in one or more industries (manufacturing is of particular interest to us); have a flexible, enquiring and creative mind; and a drive to succeed. There will be travel in the UK and there may be opportunities for short term travel or longer term transfer overseas.

Please telephone Edward Simpson on 01-606 4040 or send him your résumé, including a daytime telephone number, quoting Ref. SF20/82.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Shelley House, Noble Street
London EC2V 7DD

Use your Financial and Investment expertise in Treasury Management

American Express have a unique reputation in the field of finance and banking. Travelers Cheques form an important Division within these operations and it is to strengthen the management team within our Treasury Department that we wish to make a new appointment.

The Treasury Department encompasses all cash handling, foreign exchange and investment activities. We are therefore looking for someone with experience of financial and investment matters and the flexibility and capacity to gain a wider understanding of all treasury activities.

The person appointed must be able to carry out specialised projects or to assume full responsibility for one specific area, depending upon our immediate needs and your particular expertise. Qualifications are not as relevant as commercial experience which must include investment of funds. Versatility, ambition and man-management skills are considered key qualities as this position provides professional scope within a fast moving and progressive environment.

We offer a salary in the region of £8,500 together with valuable benefits which include a mortgage subsidy, a non-contributory pension, medical scheme and relocation assistance if applicable.

For an application form or more details about this position, please contact David Miller, Personnel Officer, American Express, Travelers Cheque Division, Amex House, Edward Street, Brighton BN2 2LE. Tel: Brighton (0273) 693555.



Management Accounting

London W.6.

To £12,000+Car

The Exp-o-tel Group, which has recently acquired Keith Prowse & Co. Ltd. has now recognised that there is an outstanding opportunity for a young commercially experienced accountant to make a major impact on the provision of management information for the Group.

Working closely with senior management the main tasks will be the analysis of monthly results, the improvement of accounting systems and the maximisation of Group resources.

The dramatic growth of the Group and the enthusiasm of the Board will ensure that the successful candidate will have excellent career prospects limited only by his or her own potential.

Contact John P. Sleight on 01-405 3499
quoting reference JS/543/RAF.

Lloyd Management
Recruitment Consultants

125 High Holborn London WC1V 6QA

01-405 3499

Senior Pensions Development Consultant

circa. £14,000

Prudential Pensions Limited is a wholly owned subsidiary of the Prudential Corporation which manages assets exceeding £750m which are segregated from those of the parent Company. It operates four unitised investment funds within the Group Investment Linked Pension Plan devoted to UK Equities, Overseas Equities, Fixed-interest securities and Property.

In view of the rapid development of the portfolio, we now require a Senior Development Consultant. The ideal candidate will have at least 5 years track record of dealing with managed funds. The ability to market and negotiate, in particular, the Property and International

Funds at the highest level with potential clients is also essential.

Prospects are excellent. Initial remuneration is around £14,000 dependent on experience and ability plus attractive benefits. These include a company car, low-cost mortgage and, of course, a non-contributory pension.

Please write, enclosing a detailed C.V. to: M L Fielder, Personnel Division, Prudential Assurance Co. Ltd., 142 Holborn Bars, London EC1N 2NH. Telephone: 01-405 9222 ext. 6691.

Prudential

Arbuthnot Latham

Corporate Finance

Arbuthnot Latham & Co., Limited is seeking to recruit two people to join its Corporate Finance Department.

Candidates, preferably graduates, should be qualified as accountants or lawyers or hold an appropriate business qualification. Persons with previous corporate finance experience will be given immediate seniority within the Department.

Arbuthnot Latham offers the opportunity to the right people for early responsibility and the successful candidates will work as part of a team on a wide variety of UK and international corporate finance problems and assignments.

Candidates interested in a challenging career should write with a detailed curriculum vitae to:-

C. J. M. Parker,
Arbuthnot Latham & Co., Limited,
37 Queen Street, London EC4R 1BY.

MEMBERS' ASSISTANT
Non-smoking young person required to assist 3 Stock Exchange members who run their business as a team. Some general office experience is necessary, plus clear handwriting and a happy disposition. There are good prospects for a keen applicant. Telephone 01-443 1115 between 9 and 10 evenings—except Friday.

EUROBOND SALES PERSON

Neg c £17,000 + usual benefits

With 3+ years experience of bond sales in Europe or Middle East. Must be fully conversant with all aspects of bond sales and should be able to show a consistent but progressive career path in this environment.

FOREX DEALERS

£ Negotiable

We are actively seeking dealers who are interested in a responsive logistical concept combined with a functional incremental option.

Lee House, London Wall, London EC2V 5AS. Tel: 01-609 6771

ROBERT HALF
Accountancy & Financial personnel specialists

Engineering Employers' Federation



Director-General

Anthony Frodham CBE will retire from the Engineering Employers' Federation in February 1982 and a successor is now being sought for this important position. The Director-General is responsible to the elected Office Bearers for all aspects of the Federation's affairs.

The successful candidate will be an individual of natural authority and integrity, with a comprehensive knowledge of

manufacturing industry, a well developed political sense and a good understanding of Government.

The salary will be fully in keeping with the high demands of this appointment which will be for a seven year term.

Replies both from applicants and others who may wish to nominate suitable candidates should be addressed to Christopher Wysock Wright, Managing Director.

Wrightson Wood Limited
4/5 Grosvenor Place, London SW1X 7HJ.

Business Careers in Shell

Starting in Operational Research

Shell are looking for exceptionally talented young men and women who have the ability to reach senior management positions in a wide variety of business areas. These include International Oil Trading and Supply, Marketing and Transportation in the Oil, Natural Gas and Chemicals sectors of our business as well as Coal, Metals and other areas of diversification.

You must hold a good honours degree in a numerate discipline and possibly a postgraduate qualification. You will be in your late twenties/early thirties and have a track record of at least five years' practice in the commercial/industrial area of Operational Research/Business Modelling as well as entrepreneurial ability and evidence of commercial negotiating skills.

The initial appointment would be in Shell's Operational Research Division in London and you would be expected to make a significant contribution in extending our expertise and areas of application. You will currently be earning a five figure salary and, if you come up to our expectations, the two or three years you spend in Operational Research will give you sufficient experience of our activities to provide the platform from which to develop a career in the business sectors of the Group.

As well as competitive salaries, benefits include London allowance, a first class contributory pension scheme and social and sports facilities. Please send comprehensive curriculum vitae or write or telephone for an application form, to:

Shell International Petroleum Company Limited, Recruitment Division, PNEU/23, (FT), Shell Centre, London SE1 7NA. Telephone 01-934 4175.



COMMERCIAL EXECUTIVE

CITY COMPANY — £12,000

Duties: Advisory to Managing Director with own operational and administrative responsibilities.

Applications are invited from candidates aged 30-35 who have acquired at least five years practical experience at middle management level in either commercial banking, commercial law or accountancy in an industrial context. Professional qualifications essential. The successful candidate will probably be in current employment where either job satisfaction is limited or promotional prospects are blocked for reasons other than ability.

Promotion to Assistant General Manager status is contemplated within 3/4 years. Ability to become involved in our business is vital as are communication skills, objective research and prudence.

Salary will be revised after 12 months, with provision of car, non-contributory pension/sickness benefits and eligibility for subsidised mortgage facility.

Full C.V. in complete confidence to Box A7518, Financial Times, 10 Cannon Street, EC4P 4BY.

A CALL TO SCHOOL LEAVERS OF 1981

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10

Lombard

Passing on the 'tax on success'

BY ANTHONY HARRIS

MR. TIMOTHY RENTON, the late lamented FPS to Mr. John Biffen, is to be congratulated on his consistency, but not perhaps on his judgment. He has resigned because he regards the Chancellor's windfall tax on interest-free deposits as "a tax on success," when it is in fact no such thing; and he has done so at a time when his friends in the clearing banks seem determined that the tax shall become an annual event.

The windfall profits tax which Mr. Nigel Lawson originally espoused would indeed have been a tax on success—which is indeed the normal kind of tax, whatever Mr. Renton may imagine. The inland revenue has better things to do than try to collect its cash flow from bankrupts; but because the whole idea of windfall profits is alien to the present Government, subtler thoughts prevailed. The tax is now more like an oil royalty than a profits tax—it taxes the source of the abnormal profits clearing banks make in a credit crunch. The loudest wails have come from the unsuccessful, not the successful—bodies such as the Co-operative Bank, which failed to turn its endowment of free funds to profit. The principle goes back to Ricardo, and is a good one.

What has made the chairman of more prosperous banks grind their teeth is a rather different question (which Mr. Renton, to be fair, finds equally disturbing)—the question of changing the rules of the game after the whistle has blown. This is a legitimate complaint; but unfortunately their reaction to the insult is steadily undermining the complaint. They are altering their own rules in a way which seems to legitimise the tax.

Pique

The almost daily announcement of new charges in contemplation for previously free services may look like a good way to raise the funds which the Chancellor, but wise, decisions are seldom taken out of pique, and I wonder if the banks have thought through all the implications.

The banks have always argued in the past that their supposedly "free" endowment was in fact quite costly; they paid for their current account deposits in service rather than

in interest. This idea may offend the tidy mind, but it has worked rather well. The English bank customer (though not, I believe, the Scottish) has always had an amiable laziness about collecting interest on small sums, and a liking for keeping his financial life simple. The fact that interest is taxable, but free bank services are not, helps too.

However, a customer facing a large bill for previously free services, and finding his bank balance unaccountably shrinking, may not be so relaxed; bank chairmen are not the only human beings who suffer from pique. He may well get more active about opening deposit accounts or building society deposits.

It is equally true that a Chancellor hungry for revenue is likely to be very interested in the spread of charges for services; for if services are charged at cost, and the endowment funds are left like a perfectly legitimate basis for taxation. The tax may have offended Mr. Renton, but the ordinary beer-drinking taxpayer has a rather different view.

Free gifts

Of course, this would only be a step on a different road; for banks who found that their endowment was no longer free would rather use the money to attract customers than help the Chancellor. Charges, in short, are only a step on the road to paying interest on all balances.

Now the clearers may have taken a deeply considered decision to tread this path, and move from the British current account tradition to the world of free gifts and interest-free huckstering; but I rather doubt it. For the prospect, as seen from New York, is not exactly cheering. U.S. banks are not only much less profitable than British clearers (despite higher interest rates), but they are losing their market to the savings and loan movement, and a whole new school of retail money managers, led by the formidable Merrill Lynch herd. Is this really where the clearers want to go?

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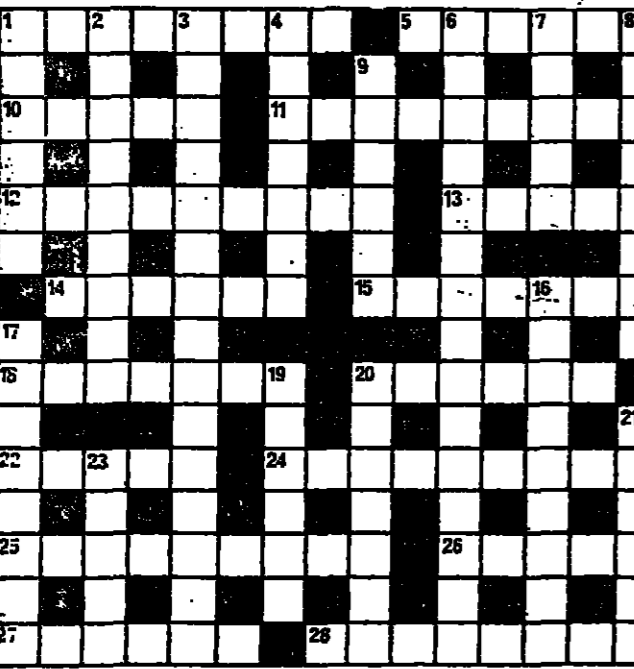
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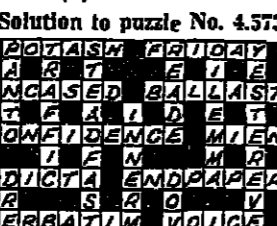
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 - To take a direction about another direction could be dim (5)



IT WAS Dr. Johnson who, in his dictionary, defined a pirate figuratively-speaking as "a sea robber, any robber; particularly a bookseller who seizes the copies of other men." Even earlier in the eighteenth century (with the beginnings of our copyright law) a person who appropriated to himself for his own benefit the composition of another had obliquely heaped upon him.

Yet those seeking to combat the modern pirate, who infringes film and broadcasting copyright by making video cassettes and selling them in the high street, feel passionately that pirating is too mild a word to describe this latest breed of infringement of copyright. They prefer to call the infringing copier a mean thief. Pirates conjure up a picture of a glamorous adventurer with a patch over one eye and a glint of mild impishness in the other; anything but the commercial rogue that is relentlessly hunted down by the protectors of copyright.

The law, unfortunately, has so far favoured the less oppressive attitude towards these pirates. The Theft Act 1968, and its predecessor, do contemplate the stealing of intangible, as much as tangible, property. A charge of the theft of copyright, therefore, is available against a person who dishonestly sells the copyright in a book or film which he neither

owns, nor has had assigned to him, nor has been licensed to use. But that is not the problem. Theft law does not cover the activity of reproducing copies in infringement of copyright in a film or a broadcast. It is all too readily assumed that intellectual property, such as copyright, is being stolen by dishonest infringement of copyright. What is assumed is that the cassette copies of a film or television programme, as physical objects, belong to the copyright owners of the films recorded upon them. But the copyright owners are not the owners of the tapes before their films are recorded on them; the tapes are owned by the copiers. How then, as copyright owners, can they assert that they have property in the cassettes of which the infringer intends permanently to deprive them?

At the end of last month an attempt was made by a prosecution at the Old Bailey to nail some film pirates with a theft charge, in addition to charges of conspiracy to defraud, as a defence which has produced in the past its own crop of legal difficulties for prosecutors. The main offender, a Mr. Dawson, had been raided by the police at his laboratory in Essex where 400 illicit copy films were seized, together with an expensive Rank reproducing machine. He pleaded guilty and was fined a modest sum of money, but his co-defendants declined to plead

to anything more serious than a conspiracy to contravene that section in the Copyright Act which simply makes it an offence (a summary one, carrying a maximum penalty on the first offence of £50) to infringe copyright. Their counsel indicated that the charge of conspiring to steal could not, in law, stick.

The argument for saying that a theft charge will lie depends upon a single section in the

does not follow that the infringing copies are his from the moment of copying for the purposes of the law of theft. It is one thing for Parliament to aid the copyright owner in his pursuit of a civil claim; it is altogether another thing for Parliament to provide the basis of criminal liability. And it has not done so.

In short, it is plain that Section 18 gives the copyright owner only civil rights and

BUSINESS AND THE COURTS

BY JUSTINIAN

Copyright Act 1956. It is said that Section 18 gives the copyright owner a proprietary right from the moment of recording. The language of the section is, however, less forthright. It gives the copyright owner "all such rights and remedies, in respect of the conversion or detention by any person of any infringing copy, as he would be entitled to if he were the owner of every such copy and had been the owner thereof since the time it was made."

The section creates a fictional ownership, but does it do more than provide a civil remedy to the copyright owner entitling him to an order from the court as of right that infringing copies be delivered to him? It

not shown themselves particularly sympathetic to the use of the criminal process against the pirates. The civil law has recently proved less than helpful. A few years ago the courts developed a procedure which provided a quick and efficient means to copyright owners to recover infringing articles and to discover the sources from which these articles had been supplied and the persons to whom they have been distributed before they could be destroyed or concealed. The judges of the Chancery Division made orders at the instance of the copyright owners before even legal proceedings were served and before the culprits could be alerted to the legal action taken against them. The essence of the process was surprise. Many a pirate was successfully caught and put out of business as a result.

All seemed to be going in favour of continuing success for the copyright owners, until last month when the House of Lords decided the case of *Rank Film Distributors Ltd. v. Video Information Centre and others*. Owners of copyright in cinematograph films discovered that some pirates were making and selling video cassette copies of the films. They hurriedly went to the judge and obtained orders permitting them to enter premises and seize infringing copies of the films, the premises belonging to the same pirates

Dawson who was convicted last month at the Old Bailey. Other persons associated in the pirate trade with Mr. Dawson, who were not the subject of criminal proceedings, were initially ordered to disclose relevant documents and to supply information to the copyright owners about the sale and supply of infringing copies. These persons opposed the orders on the grounds that by disclosing documents and answering awkward questions they might expose themselves to criminal proceedings. Reluctantly, the courts held that the privilege of every citizen against self-incrimination was so deeply embedded in our law that no exception could be made to combat the copyright pirates.

If only the pirates were in law thieves there might be a remedy to hand. Section 31 of the Theft Act 1968, contains an express provision by which a person is obliged to answer questions put in proceedings for the recovery of stolen property or to comply with such orders. But no statement of admission so made is admissible in evidence against the interrogated person in proceedings for an offence under the Act. The privilege against self-incrimination is thus removed without the dire consequences of exposure of criminality.

(1981) 2 WLR 646
(1981) 2 WLR 668

Backers are turning to Beeleigh

BEELEIGH, who has contributed so much towards the Neville Callaghan stable's bright start to the season, is the horse most backers are turning to in Saturday's Cecil Frail Handicap.

The much-improved Sallust gelding, bidding for a fifth consecutive success, had his odds cut from 6-1 to 5-1 for the one

likely to be against several originally due to compete, and one or two absentees are virtually assured.

Only 16 remain in the Cecil Frail and it is encouraging to find both Ladbrokes and Mecca offering a fifth of the odds a place the first four.

The 7-2 favourite with Ladbrokes is due to shoulder 9 st on Saturday. Mecca's market leader, Home Coming, has been allotted just 2 lb less.

Beeleigh ploughed through the mud to account for some maidens at Leicester in March. He won again on yielding ground when beating Melon Patch with plenty in hand on level terms at Chester a fortnight ago.

Piggott rode Beeleigh to a cheekily gained victory over the Thatch colt on the Rooftop and was also aboard the Callaghan gelding at Leicester. Richard Hammon's able apprentice, A. McGlone, was in the saddle on the two intervening occasions.

Home Coming, unraced as a juvenile, has won both his races on good going and on breeding — he is by Habitat out of the Zeddian mare Zeddara. There must be doubt about him getting Haydock's stiff mile should the ground prove holding.

Lower down the weights, two who seem sure to run at their best are the Michael Jarvis-trained Ack Ack colt, Golden Flak, and Peter Walwyn's Northfields colt, Kareem.

GOODWOOD
2.00—Donna Luisa
2.30—Capt Hal Princess**
3.00—Our Birthday
3.30—Golden Bowl***
4.00—Red Tort
4.30—Quay Boy

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New York City Ballet

by CLEMENT CRISP

Malvern Festival

by B. A. YOUNG

There is good work too among the younger players. Jonathan Coy is an impressive Dick Dudgeon, though his own innate good manners emphasize Shaw's cheating in this conceit of the part. Dick is supposed to be the wickedest man in New Hampshire in 1777, a smuggler and an associate of spies, apparently the most immoral things Shaw could think of. Yet from his first appearance, at the reading of the will in act one, he displays an impeccable courtesy unmatched by anyone else in the family, and he maintains this

Guinness Mahon	12	%
Hambros Bank	13	%
Heritable & Gen. Trust	13	%
■ Hill Samuel	112	%
C. Hoare & Co.	112	%
Hongkong & Shanghai	12	%
Keyser, Sohm & Co.	12	%
Kleinwort & Co. Ltd.	14	%
Langts Trust Ltd.	12	%
Lloyds Bank	12	%
Mallinath Limited	12	%
Edward Manson & Co.	13	%
■ Midland Bank	13	%
■ Messrs. Montagu	13	%
■ Morgan Grenfell	13	%
National Westminster	13	%
Norwich General Trust	13	%
P. S. Refson & Co.	12	%
Ryl. Bk. Canada (Ldn.)	13	%
Slavenburg's Bank	13	%
■ Societe Commerciale	13	%
Standard Chartered	112	%
Trade Dev. Bank	12	%
Trustee Savings Bank	12	%
TCB Ltd.	12	%
United Bank of Kuwait	12	%
Whiteaway Laidlaw	12	%
Williams & Glyn's	12	%
Wintrust Secs. Ltd.	12	%
Yorkshire Bank	12	%
■ Members of the Accepting Houses		
7-day deposits 5%, 1-month 9%		
Short term £A,000/12 months		
11.85%		
↑ 7-day deposits on sums of £10,000		
and over 8% up to £50,000 9%.		
and over £50,000 10%.		
↑ Cash deposits £1,000 and over 9%.		
Demand deposits 9%.		
21-day deposits over £1,000 10%.		

Balanchine with Christopher Byars
"The Spookhouse Child"

Elizabeth Hall

soprano and ensemble, a laborious and deeply pretentious half-hour-long confection of a Lorca poem, replete with every stale cliché of Fifties Surrealism in the book. Maureen McVally, in a remarkable labour of love, gave solo part with fine conviction, and by heart: a small redemption, but not enough by half.

Kuntz played the British premiere of *Erotikon* by Dimitri Terzakis: a short and grimly unnergetic essay for soprano, clarinet, violin and cello in fake antique style. And as a last-minute adjustment, to replace an intended but unfinished premiere of Nigel Osborne, they

DOMINIC GILL

Peter Martins' progress as a choreographer — he has made seven ballets for NYCB—was very apparent in his *Sonate di Scarlatti* which dates from 1979. Heather Watts and Bart Cook, plus four couples, are involved in duets, quartets, a cunningly linked series of solos for the men, that are sparked off by the bright accents of the

Among his companions, young James Sewell - shown in a Bournonville novelty also in the programme. This was a reconstruction by Adam Liders and the Danish musicologist, Knud Rasmussen, of the original violin galop from *Childhood of Erik Menved*. The ballet, dating from 1843, has long since been lost, but recently discovered choreographic notes, written on a violin score in the Copenhagen Royal Library, offered indications of the steps that were realised for this occasion. I am not persuaded that the piece is more than a skeleton—it looked funny in the writing for two girls—but young Mr. Sewell brought classic elegance to an interesting male solo: here is a preview of his performance.

Peter Martins also produced a new version of Riccardo

The result is beguiling. Clever design by Kermit Love for puppets and humans; a musical performance under Manuel Rosenthal that is entirely idiomatic (though the balance between voices and orchestra is too much in favor of the latter); of its English translation, a little boy, Christopher Byars, who looks credible—the camera could not accept a dwarf soprano; NYCB's artists as the bewitched creatures who surround the boy; and the Barabine's unobtrusively apt dances, all make for a production that captures both the innocence and the sophistication that lie at the heart of this masterpiece. Public Broadcasting will show this *Spellbound Child*—a WNET/Dance in America production—next week. We must hope to see it here.

This keen musicianship was tested further by the first performance of James Dillon's *parjanya-vata* ("This means wind and rain . . . something to do with the monsoon, I think").

Relative time-scales were also nicely treated by Michael Finnissy in *Alice*. The opening featured a marvellous juxtaposition of slow action and fast sound, which succeeded in focusing the audience's attention on the smallest aural details. Howard Skempton's *Bonds and Breather*, a pair of short, elegant pizzicato studies sat comfortably on either side of the interval.

Brett is clearly a musician and advocate first, cellist second. One hopes that his future explorations will be accompanied by as large and enthusiastic an audience as he deservedly won on Tuesday night.

	mat. prod.	avg. output	eng. order	reun. vol.	reun. value	un- employed	vacan-
1979							
4th qtr.	112.6	104.2	101	109.1	185.9	1,286	23
1980							
1st qtr.	119.0	100.1	100	110.2	158.6	1,379	19
2nd qtr.	106.6	96.5	98	102.2	164.3	1,436	12
3rd qtr.	93.2	82.9	94	91.2	159	1,489	10
4th qtr.	100.4	89.2	79	109.0	205.2	2,020	9
June	106.6	96.3	108	108.5	167.1	1,542	14
July	105.1	95.3	88	106.5	172.8	1,609	12
Aug.	102.5	92.0	89	109.6	157.6	1,697	12
Sept.	101.2	91.5	74	108.5	170.1	1,791	11
Oct.	100.9	90.2	76	106.7	179.1	1,893	10
Nov.	100.7	89.4	83	102	162.9	1,920	9
Dec.	99.7	87.8	80	108.4	236.0	2,137	9
1981							
1st qtr.	98.7	87.3		112.7	174.4	2,304	10
Jan.	98.3	87.2	88	114.0	177.6	2,228	10
Feb.	99.1	87.9		112.9	170.1	2,304	9
March	98.7	86.9		111.5	175.4	2,381	9
						2,446	

	Consumer goods	Invest. goods	Intend. goods	Eng. goods output	Metal mfg.	Textile etc.	Housing starts
1979	165.3	101.1	128.6	98.1	103.4	96.4	19.9
4th qtr. 1980	164.5	101.0	123.5	98.9	56.4	82.2	13.0
1st qtr.	95.1	86.2	122.9	95.1	59.6	80.6	12.0
2d qtr.	97.0	86.2	117.1	91.2	78.1	82.5	12.0
3d qtr.	97.7	90.1	116.9	95.3	70.3	77.0	10.0
June	98.0	95.0	124.0	93.0	94.0	85.0	16.0
July	98.0	95.0	121.0	93.0	81.0	83.0	13.0
Aug.	97.0	95.0	116.0	81.0	80.0	84.0	10.0
Sept.	95.0	94.0	110.0	89.0	79.0	78.0	10.0
Oct.	95.0	92.0	116.0	87.0	67.0	77.0	11.0
Nov.	94.0	90.0	118.0	85.0	74.0	79.0	11.0
Dec.	93.0	88.0	117.0	83.0	70.0	76.0	7.0

	1970	1971	1972	1973	1974	1975
EXTERNAL TRADE —Indices of export and import volume (1975=100); visible trade; current balance (£m); oil balance (£m); services trade (£m); balance of payments (£m)						
Export						
Import						
Visible						
Current						
Oil						
Services						
Balance of payments						
Trade US\$bn						
1979						
1st qtr.	128.8	132.6	+775	+579	+132	102.5
1980						
1st qtr.	133.0	128.9	+388	+54	+95	101.0
2nd qtr.	128.2	126.2	+320	+88	+11	102.4
3rd qtr.	128.1	118.7	+816	+870	+157	105.5
4th qtr.	128.5	111.8	+1,369	+1,685	+222	105.6
June	128.9	124.2	+15	+81	+23	103.8
July	128.6	117.1	+303	+403	+98	104.3
Aug.	132.5	120.5	+36	+26	+25	106.0
Sept.	121.9	114.4	+344	+429	+38	102.7
Oct.	124.5	106.3	+506	+711	+123	105.3
Nov.	128.4	114.6	+410	+615	+54	105.6
Dec.	125.7	114.5	+353	+559	+35	105.1
1981						
1st qtr.	128.5	128.5	+388	+54	+95	101.0
2nd qtr.	128.2	126.2	+320	+88	+11	102.4
3rd qtr.	128.1	118.7	+816	+870	+157	105.5
4th qtr.	128.5	111.8	+1,369	+1,685	+222	105.6
June	128.9	124.2	+15	+81	+23	103.8
July	128.6	117.1	+303	+403	+98	104.3
Aug.	132.5	120.5	+36	+26	+25	106.0
Sept.	121.9	114.4	+344	+429	+38	102.7
Oct.	124.5	106.3	+506	+711	+123	105.3
Nov.	128.4	114.6	+410	+615	+54	105.6
Dec.	125.7	114.5	+353	+559	+35	105.1

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted, Minimum lending rate (end period). Bank

1980									
st qtr.	I	4.0	7.2	21.9	+1,725	634	2,049	17	
nd qtr.	I	4.5	10.7	25.2	+2,472	887	2,887	17	
rd qtr.	I	12.9	39.0	45.2	-	1,890	1,960	17	
th qtr.	I	8.9	20.0	11.2	+3,207	1,253	1,794	14	
July	I	9.9	13.7	28.8	+1,508	200	675	17	
Aug	I	9.5	36.5	58.9	+3,792	346	1,663	16	
Sept.	I	10.2	10.2	46.4	-	307	613	16	
Oct.	I	17.5	39.5	38.7	+ 855	443	587	17	
Nov.	I	4.3	21.4	19.3	+1,338	520	629	16	
Dec.	I	6.7	18.6	7.7	+ 364	285	558	14	
Avg.	I	15.6	20.0	7.0	+ 903	448	603	14	
1981									
1st qtr.	I	12.0	9.5	12.4	+1,596	1,081	1,878	12	
2d "	I	5.9	11.9	10.1	+ 420	446	618	14	
3d "	I	13.7	7.5	12.9	+ 281	366	636	14	
March	I	16.4	8.1	8.1	+ 375	259	624	12	
April	I	25.5	12.9	3.9	-	197	289	14	

	Earnings* qtr.	Basic medic. mmg.	Whse. mmg.	RPI†	Food* comdty.	FT* comdty, Strg.
1979						
qtr. 1980	161.7	183.9	181.8	237.6	237.2	295.13
1st qtr.	177.7	197.2	191.4	248.5	247.5	294.47
2d qtr.	178.9	201.3	199.0	262.2	255.9	296.95
3d qtr.	188.4	201.9	202.6	268.9	250.3	275.12
4th qtr.	192.3	203.3	206.1	272.9	258.7	292.28
1st qtr.	188.7	201.1	201.0	265.7	275.9	267.45
2d qtr.	185.1	201.7	202.7	267.9	289.9	273.57
3d qtr.	186.5	201.8	203.5	268.5	269.0	275.28
4th qtr.	190.1	203.1	204.5	270.2	259.0	276.44
1st qtr.	189.9	201.4	202.5	271.9	263.5	274.85
2d qtr.	192.6	205.4	206.2	274.1	260.7	275.16
3d qtr.	197.3	208.1	206.7	275.6	262.7	265.53
4th qtr.						
1981						
1st qtr.	193.2	213.8	212.2	280.4	268.7	257.79
2d qtr.	193.2	209.7	208.9	277.3	266.7	251.88
3d qtr.	193.7	214.0	214.0	278.8	266.9	259.93
4th qtr.	197.7	217.7	214.8	284.0	270.6	281.66
1st qtr.	221.0	217.3				281.66

* Not seasonally adjusted.

Pitlochry

by ANTHONY CURTIS

Certainly on Tuesday evening the new theatre, designed by Graham Law to recall the baroque in shape of the forest, sent me back to the building, made a fine setting for the resplendent black-tie occasion. The glass-walled bar and restaurant area, giving sunlight glimpses of the river and mountains, happily accommodated a capacity audience, welcomed by the stately strains of the Feltz-Atholl pipe band. Access to the 450-seat auditorium was smooth either at ground or picture-gallery level; sightlines, acoustics and comfort all seemed to be impeccable as one gazed at the elegantly curved thrust of the stage.



Nicholas Coppin and

bigot he is when he insists on



Jonathan Battersby
and loyalty to the husband

Impeccable is not quite the word one would wish to apply to the construction of *Bride's Play*. He made it originally out of a German comedy *Sturm im Wasserglas* by Bruno Frank. And was praised by James Agate for having transposed the key of a German Lowland farce to that of a Highland Fling. As much it was a natural with which to open the new theatre. It unfolds in its leisurely pre-arranged way the tale of how an arrogant local provost (Jonathan Waters) is exposed by a

the confiscation of a mongrel dog (Sam) belonging to a garrulous Irish peasant woman (Anne White) who has somehow ended up in Scotland and who cannot afford a license for the animal. Bridie sprinkles laughs and minor parts with a generous hand and the cast field both merrily.

Leon Sinden is the hard pressed newspaper proprietor and Julia Schofield his boity toty wife. In the role of the town's most respected citizen, Walden had a more difficult task, having to show a burgeoning attraction for the journalist

whose chances of getting elected to Parliament the young man has dashed. She seemed a little too strait-laced throughout.

The new Pittichory stage made an easy transition from the exterior to the interior of the sheriff courtroom in the final act in Colin Winslow's setting; the section of the set no longer required disappeared without a hitch into the capacious roof area. The courtroom where the realist is accused of stealing the dog contained some hilarious moments in Charles Bell's production.

Ravenscourt Park, Hammersmith

by MICHAEL COVENEY

Bubble Theatre's tenth summer season on the greens and in the parks of Greater London started in predictable fashion on Tuesday night. The stage was awash with awful bubble jollity while customers under the canvas shut their ears to the pounding electricity generator outside and got down to the serious business of scraping the mud off their socks. Chicago gangsters, thinly disguised as actors of nudging gaiety, winked and winked at the rank and beer glasses clattering such doleful imprecations as "Have a nice day" or "Don't move, the show's about start."

Actually, it doesn't much matter what anyone does withrecht and Weill's 1929 follow-up to the *Therspeny Opera*. The story, of a small-time gangster mob bumping into the Salvation Army, is like a vague, prophetic shadow of *Gygs and Hells*. And the central confrontation between Bill Cracker and Lilian Pierpont is a bone dry affair. For Holiday Mauer meets the Joan of the Stockyards. What does matter is the score, so favourite after *Wahogony*. So, while I did not much enjoy the appalling incomprehensibility of the opening 20 minutes, which is all dialogue, I patiently ignored the

Joplinesque doodling of the background piano, the heart directly sank on realising that irrepressible, Bob Carlisle has assembled a cast who may be very well when it comes to winning and nudging but who, when it comes to the music, can barely sing a collective note. The company falls straight into the trap of schmaltzy self-indulgence with "The Bilbao Song," easily done and perhaps forgivable, but Lillian's two big numbers, "The Sorrow's Garden" and "Surabaya Johnny" (the latter destroyed as a slow foxtrot with a brush on the snare drum), are plain embarrassing. Anne Miles as the svelte gang manipulator and Willie Gam-

nara as Sam Wurliizer, who
 celebrates the Big Job with a
 transvestite cabaret turn, at
 least supply a little acting
 muscle. But the rest, from Bill
 Cracker in a silly David Crockett
 outfit to a female Baby Face
 with an unwelcome James
 Cagney impersonation, flap
 around in a senseless vacuum.
 The Bubble respects Brecht
 only in so far as they offer a
 theatre where you can smoke
 and drink. The slapdash knees-
 up ambience, mistakenly
 assumed to be the Joe Little
 road style, is both a betrayal
 of Brecht and, I would wager,
 a mathema to the working class
 audience. Bubble bursts to
 lease.

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A new role for Japan

THE RECENT visit to the U.S. of the Japanese Prime Minister has sparked off a political storm in Tokyo. The wording of the final communiqué on the talks caused a row which ended in the resignation of the Foreign Minister. This was swiftly followed by the publication of an interview in the Press with a former Ambassador to Japan, Mr. Edwin Reischauer, which escalated the troubles further. Mr. Reischauer said flatly that U.S. warships armed with nuclear weapons had been visiting Japanese ports since 1960, provoking a storm among Japanese politicians.

This may be an artificial inflation of events which were really just a part of Japanese factional infighting. But there is no doubt that there is a deep debate in Japan on what its future role should be in the foreign policy and military sphere.

Low profile

The very ease with which references to nuclear weapons or alliances produce angry reactions highlights the emotive power they carry at a time when Japan is gradually shedding its postwar policy of non-militarisation.

For historical reasons, as Japan's economic might has grown over the past 20 years, its political and defence profile has been kept low. Yet with the passage of time the Japanese public has come to acknowledge that the country should invest more and participate more in its own defence. Opinion polls show that the number supporting the defence commitment implicit in the Mutual Security Pact with the U.S. has almost doubled since 1974.

This change of heart has stemmed from new uncertainties in the global balance of power, especially in the Pacific. The U.S. withdrawal from Vietnam in 1975, the growing might of the Soviet Union, the troubles in Iran, the threat to Japan's oil supply lines from the Middle East, the Soviet invasion of Afghanistan, the build-up of North Korean forces and last but by no means least the development of Soviet military strength on the islands Japan claims as her own off Hokkaido, have begun to induce a new frame of mind.

In the fresh alignment which emerged during the 1970s, Japan has been urged not only by the U.S. but also by China, fearful of a vacuum in the Pacific which would draw Moscow

in further, to play a bigger defence role. Japan's defence spending has risen appreciably in the last decade, and will continue to do so. Prime Minister Suzuki undertook, in his recent talks with President Reagan, to improve Japan's defence capabilities on Japanese territory and in the surrounding sea and airspace, and to alleviate further the financial burden of U.S. forces in Japan. (Currently the two nations pay half each.) Japanese sources point out that at present rates of growth, by 1990 Japan's military spending will exceed that of West Germany.

The question is whether that will be enough. Western governments, beset with inflation, recession and frequently old and inefficient industries, struggle to squeeze out the necessary funds to pay for the ever more expensive weaponry needed for their defence contribution. This may at present be less true of the U.S. than western Europe, but Japanese inroads into the U.S. are a reminder that the U.S. has its economic problems too.

It is not practical to expect an overnight change. The Japanese constitution, which precludes the right to make war, use force and maintain military might, is unlikely to be altered in this generation of politicians. But there is still a great deal of Japanese opinion that the present framework, spending on defence could be raised above the present 1 per cent of GNP without fouling the constitution or probably even public opinion.

Global issues

This change should be part of an enhanced Japanese role in the world arena. Tokyo could consult more with the leaders of the western nations, not just on questions of trade or economics (though that should be part of it) but on the whole range of global issues which Japan tends to keep out of.

It could give more aid to Third World countries; the percentage of GNP it provides at present is one of the lowest of any of the industrialised democracies. It could co-ordinate policies as well as defence with its western allies. It could even resurrect pressure for Japan to take a permanent seat in the UN Security Council. In an increasingly uncertain world, it is time Japan returned to full political maturity.

Regulating the monopolies

THE CRITICISMS of the electricity supply industry's performance, contained in yesterday's Monopolies Commission report, add to the weight of evidence that Britain's system for regulating nationalised monopolies is in need of reform. It would be a pity if the public debate which will follow this report were to concentrate solely on the Commission's specific criticisms, and not cover the broader question of how to ensure that the monopoly nationalised industries perform better in the future than they have in the past.

The most controversial part of the report and the only one in which the Central Electricity Generating Board's conduct has been found to operate against the public interest—deals with the CEBG's strategy for investing in nuclear power stations. The Commission's charge that "a large programme of nuclear investment is proposed on the basis of investment appraisals which are seriously defective and liable to mislead" may well be seized on by the anti-nuclear lobby as a vindication of their views.

Relative costs

Yet the Commission does not establish a case against nuclear power and it would not purport to be qualified to do so. What it argues is that the appraisals used internally and presented publicly by the CEBG have not been sufficiently thorough to justify a nuclear programme. This does not mean that such a programme is unjustified, but it does imply that some of the claims made on behalf of nuclear power by the CEBG may have been misleading.

The Commission has based its findings on information supplied by the CEBG and the British nuclear power industry. It has made no attempt to establish the relative costs of nuclear and coal-fired electricity generation in other countries or to compare the CEBG's stance on nuclear power with that of other utilities.

A weakness of the report is the absence of international comparisons against which the organisation, staff and methods of the CEBG could be judged. Useful as the report is in other respects, occasional

ad hoc studies by a non-specialised body such as the Monopolies Commission cannot resolve the most serious problems which arise in nationalised industry regulation.

The fact that government approval is required for most major decisions taken by the nationalised industries, far from eliminating the need for outside regulation, makes this more imperative. On the question of long-term investment planning, the report shows that civil servants and ministers have not been as searching in their assessment of the CEBG's strategy as they might have been. The same story could be repeated about other major public sector investment programmes. Governments have imposed other policies on the CEBG which have been detrimental to consumer interests.

Charges

The CEBG's purchasing policies, towards the coal and power engineering industries, have resulted in unnecessarily high electricity charges, partly because of pressure from governments not to enter into contracts for coal imports and to buy British equipment whenever possible. Advance ordering of power stations, in the interests of the equipment suppliers, has resulted in large additional costs which have not been fully compensated by governments. Most seriously, the relationship between the CEBG and the National Coal Board, coupled with the NCB's policy of cross subsidisation between modern mines and inefficient ones, has resulted in a heavy burden for electricity consumers which might more rationally have been borne by the government's social security programmes.

In this as in other nationalised sectors the existence of giant monopolies invites political interference and, among other things, ensures that mistaken investment decisions are extremely damaging in their scope. The Government should consider changes in structure, for example a move towards regionalisation—which would reduce the risks inherent in an over-centralised and non-competitive industry.

A PANDORA'S BOX of unexpected and embarrassing surprises has just been delivered to Mrs. Selly Oppenheim, the Minister for Consumer Affairs, in the form of a Monopolies Commission report into the efficiency of the Central Electricity Generating Board.

The commission was asked a year ago to investigate the CEBG—the first full-scale examination of a major nationalised industry under the Government's new Competition Act.

Essentially, the question it had to answer was: just how efficient is the CEBG—the sixth biggest corporate entity in the UK in terms of turnover and capital employed? Is it pursuing a course of conduct against the public interest, notably by excessive costs which raise electricity prices?

There were many in Whitehall who forecast some swinging attacks on the monopoly, which is far from popular in Government circles.

Events have turned out very differently. By and large, the commission comes to the conclusion that the CEBG is efficiently run. It raises numerous quibbles—but some of the most important of these are a result of Government intervention in the industry, both present and past.

Yet against all expectations, it severely criticises the investment appraisal which the Board has used to justify its nuclear expansion strategy and throws strong doubt on the economic justification for more nuclear plant.

Since nuclear strategy is the one area where the CEBG and the present Government have preserved a united front, this conclusion is thoroughly embarrassing for both sides.

The nuclear issue apart, however, the CEBG was yesterday understandably cock-a-hoop at the commission's report. "There were nine issues the commission was asked to look at," said Mr. Glyn England, the Board chairman. "I think we've been given eight ticks and some of

stations, which would greatly increase the capital employed for a given level of output, is proposed on the basis of investment appraisals which are seriously defective and liable to mislead," the commission said.

The sentence—and the arguments that lie behind it—have given the British anti-nuclear lobby the most powerful propaganda boost it has received in a long time as it battles against the nuclear strategy outlined by the Government in December, 1979.

That strategy involves the immediate construction of two new advanced gas cooled reactor (AGCR) stations—one at Heysham in Lancashire and the other at Torness in Scotland. The next step will be the building of the UK's first pressurised water

reactor (FWR) plant, at Sizewell on the Essex coast. The FWR is seen as the first in a series of up to 15,000 MW of new nuclear capacity that might be needed up to the early 1990s.

POWER STATIONS UNDER CONSTRUCTION

NUCLEAR: Dungeness B (2 x 600 MW)		NUCLEAR: Heysham 1 (2 x 660 MW)		CONVENTIONAL: Ince B (2 x 500 MW)		CONVENTIONAL: Dinorwic (6 x 300 MW)	
Completion target	June 71	Completion target	Sept. 76	Completion target	Nov. 77	Completion target	Jan. 81
Original Current	April 82	Original Current	Dec. 82	Original Current	Sept. 82	Original Current	Nov. 83
Costs		Costs		Costs		Costs	
Sanction (1965)	£88.5m	Sanction (1969)	£162.3m	Sanction 1972	£109.5m	Sanction (1973)	£116m
Estimated (1980)	£460m	Estimated (1980)	£450.8m	Estimated (1980)	£272m	Estimated (1980)	£402m
NUCLEAR: Hartlepool (2 x 660 MW)		CONVENTIONAL: Grain (5 x 660 MW)		CONVENTIONAL: Littlebrook D (3 x 66 MW)		CONVENTIONAL: Drax (3 x 660 MW)	
Completion target	Oct. 74	Completion target	Jan. 79	Completion target	Dec. 81	Completion target	Nov. 86
Original Current	March 83	Original Current	?	Original Current	Dec. 83	Original Current	Nov. 86
Costs		Costs		Costs		Costs	
Sanction (1967)	£91.2m	Sanction (1970)	£209m	Sanction (1973)	£183.2m	Sanctions (1978)	£685.1m
Estimated (1980)	£485.1m	Estimated (1980)	£573.5m	Estimated (1980)	£495.2m	Estimated (1980)	£870.6m

them are bloody big ones—unqualified totally."

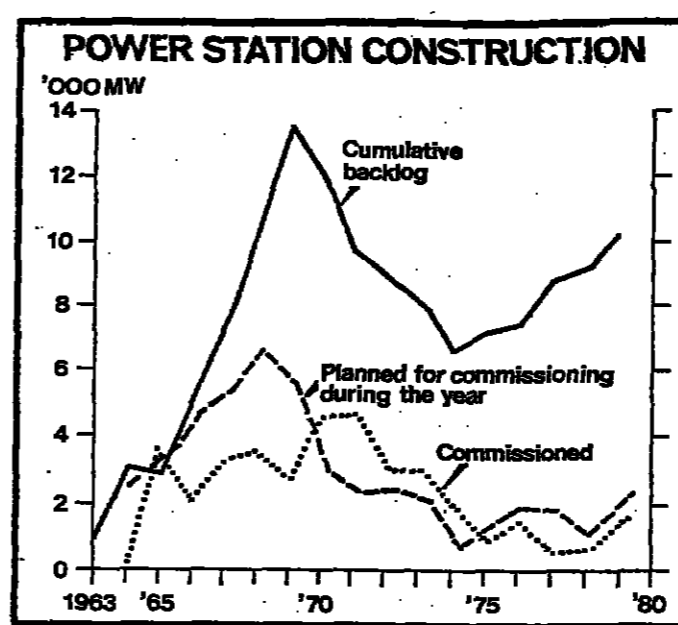
The CEBG gets a generally clean bill of health for its cost control and its operations planning—making the most efficient use of the plants at its disposal. Power stations are said to be well managed and labour relations relatively good.

However, the commission has a far less euphoric view of three major issues—the board's forward planning and investment appraisal; its relations with other big nationalised industries; and the record of its power station construction programme.

● Planning. When deciding how many power stations to build, the CEBG has to forecast power demand several years ahead. The report notes that in the past its forecasting record has been "seriously inaccurate" and that this has encouraged the unnecessary or premature ordering of new plants.

With perfect foresight the CEBG would not have had to order three major power stations in the 1970s—Isle of Grain, Ince B and Drax B—with a combined 1980 cost of £2.5bn.

However, the report also notes that two of these stations



—Ince and Drax B—were ordered before the CEBG wanted them on government instructions to help preserve jobs in the power engineering industry. While government had compensated the board for this, the sums were inadequate.

The report concludes that the

CEBG's planning processes are now "sound." But its investment appraisal results (discussed in the article below) are severely attacked.

● Relations with nationalised industries. Fuel represents some 60 per cent of the CEBG's costs—and coal accounts for 75

per cent of that total. Relations between the CEBG and the National Coal Board, which provides over 90 per cent of its coal, and British Rail, which transports most of it, are therefore crucial to any efficiency appraisal.

The CEBG has an "understanding" with the NCB that it will buy at least 75m tonnes of NCB coal a year provided the National Coal Board does not raise its prices by more than the retail price index. It also has an agreement with British Rail on transport under which CEBG coal must be transported by rail rather than road where pit to power station rail links exist.

Perhaps surprisingly, given the monopoly nature of both the NCB and the CEBG, the commission does not condemn the coal understanding. It welcomes it as a "recognition of mutual dependence" which may improve planning. But it says the agreement does have "objectionable features."

For one thing, it envisages coal prices being raised by reference to an index rather than being related to changes in the costs of the supplying industry or long-run marginal cost. The CEBG, it says, should try to extend the understanding

but improve the terms. However, the clause in the British Rail agreement, which restricts transport competition should be abandoned. The relationship between the CEBG and British Nuclear Fuels for the supply of enriched uranium is also questioned, being one of monopoly supplier and purchaser.

Most embarrassing for the Government, the commission adds that the CEBG could have improved its costs in recent years if it had imported more coal.

Yet only last February, when faced with a threatened miners' strike, the Government reversed its coal free trade principles and suddenly said imports should be cut to the "irreducible minimum."

● Power station construction. In the light of the appalling delays (see chart) which have dogged Britain's power station construction programme, the commission's findings seem remarkably favourable to the CEBG and its construction division, based at Barnwood, Gloucestershire.

It notes that the five conventional stations under construction will have average delays before commissioning of 2.3 years and cost over-runs of 19 per cent in real terms. For the three nuclear stations, the figures are 8.5 years and 100 per cent.

The delays—many of them common to large sites generally—have been exhaustively analysed in past reports. Rather than go over this ground again, the Commission concentrates on the CEBG's efforts to overcome the problems.

Perhaps most surprising of all, the commission summarily dismisses many of the complaints raised about Barnwood by power plant manufacturers. It has been accused in the past of over-specification, excessive high quality standards and having too large a staff.

However, says the commission, its exacting standards are justified, its lagging over costs means valuable savings and its work-load has been increasing.

... but few for its nuclear strategy

IT HAS been a miserable week for the nuclear power industry.

On Tuesday, Mr. Denis Roome resigned as head of the National Nuclear Corporation—the body which the Government revamped last year to be the driving force behind the UK's nuclear construction programme. Mr. Roome had been in the job for only a year, and it will not be easy for the Government to find a replacement.

Yesterday there was a further shock when the Monopolies Commission reported on the efficiency of the Central Electricity Generating Board, cast strong doubts on the economic justification for the CEBG's strategy of nuclear power station expansion.

"A large programme of investment in nuclear power

stations, which would greatly increase the capital employed for a given level of output, is proposed on the basis of investment appraisals which are seriously defective and liable to mislead," the commission said.

The sentence—and the arguments that lie behind it—have given the British anti-nuclear lobby the most powerful propaganda boost it has received in a long time as it battles against the nuclear strategy outlined by the Government in December, 1979.

That strategy involves the immediate construction of two new advanced gas cooled reactor (AGCR) stations—one at Heysham in Lancashire and the other at Torness in Scotland. The next step will be the building of the UK's first pressurised water

reactor (FWR) plant, at Sizewell on the Essex coast.

The FWR is seen as the first in a series of up to 15,000 MW of new nuclear capacity that might be needed up to the early 1990s.

The Monopolies Commission report insists on calling this step-by-step strategy a firm "programme" for 15,000 MW—a mistake which was also made in a recent critical report on nuclear policy by the Commons Select Committee on Energy.

Yet that does not detract from the main thrust of the commission's criticism—that the investment appraisal carried out by the CEBG is inadequate to support its contention that new nuclear power stations can be justified on the grounds that they will reduce generating costs.

In deciding what type of plant to acquire, coal or nuclear, the CEBG analyses Net Effective Cost (NEC) of each—the net present cost adjusted to a common basis by allowing for stations' differing capacity and expected life.

Published NEC figures show nuclear with a big advantage over coal. In most cases they are shown to have a negative NEC, which means these stations are worth building on economic grounds alone, for their saving in fuel and operating costs outweighs all construction and other costs.

The Commission calls into question the NEC's drawn up by the CEBG. While not disputing the methodology, it argues that some of the board's basic assumptions are dubious and that its "sensitivity analysis"—exploring

variations in its assumptions—is seriously incomplete. Its criticisms include:

● The board's estimates of likely UK coal availability in the year 2000—55m tonnes—are out of line with most other forecasts. Its belief that the additional imports it will need will be 40 per cent more expensive than UK coal is "highly implausible."

● The board allows the same percentage construction cost escalation for both nuclear and coal. This is "unsound" for it is at the top of its learning curve for coal-fired construction but not nuclear.

● Its assumptions about the performance of coal plant are "cautious." Those for nuclear power are "perhaps more optimistic."

The impression left—though never stated explicitly—is that the CEBG may have been mis-

leading both itself and the public about the real costs of nuclear power relative to coal.

However, the Commission does not come down firmly on one side or the other, essentially saying that the board needs to do more to prove its case.

Yet—embarrassingly for the Government—it does say it is "seriously concerned" that the strategic case for the new Heysham AGR (giving work to UK plant manufacturers) may have been "unjustifiably reinforced by the supposed economic merits of the project."

The Government will argue on strategic grounds that nuclear power and coal are complementary needs if the UK is to reduce its dependence on oil—the number one energy priority.

MEN AND MATTERS

Bonn chance for Burns

Helmut Schmidt obviously needs a bit of a lift these days and it is clear that Ronald Reagan has given him one by naming Arthur Burns to be the next U.S. ambassador to Bonn.

The Germans had been miffed, and quite rightly, that Reagan had allowed the Bonn job to stay unfilled all year. They were also a little disturbed that the American President might reach into his grab-bag of corporate heads to select a man to replace Walter Stoessel, the previous ambassador, whom the Germans liked.

In fact, Bonn need not have worried. The nomination of Burns, the ancient (77 year old), crusty, independent German-speaking and Austrian-born symbol of righteous monetary policy merely confirms the importance which Washington attaches to the German connection. Especially given the changed political climate in Europe.

If it had not been Burns, then the nod might have gone to Arthur Hartman, the senior foreign service officer currently overseas at the Paris post (who, given Mitterrand's election, may now stay on for a while before moving on to Moscow or, possibly, retiring to join a New York bank), or George Vest, the State Department's European chief, under Carter (who now is in line for the EEC) or Paul Nitze, the defence expert. All have eminent reputations.

Despite his age and lack of formal diplomatic experience Burns's qualifications are not in doubt. He knows Schmidt and much of the rest of the German political hierarchy well from the long days of 1977, when Burns, as Fed chairman, and Schmidt, as Fed chairman, shared different shores of the Atlantic against Carter's policies of "benign neglect" for the dollar and what both saw as

excessive economic stimulation at home.

It also helps that Burns is on excellent terms with Reagan, whose electoral economic policies he helped draft last year from his current vantage point at the American Enterprise Institute, and whom he has continued to serve as emeritus adviser.

Given his penchant for lecturing, it would not be surprising if Burns had a word of advice on economic policy to offer Schmidt as well.

Wrong-headed

A diligent reading of American newspapers reveals some fine examples of the headline-writer's art—like this recent crop:

● Shuttle passes test—one worker killed.

● Defendant's speech ends in long sentence.

● White House kills fundraiser after complaints about tactics.

Which is not to overlook this racy slice of life from a crime report: "Police said they had to bring him to the ground twice before they confiscated a pistol from a pants leg," said Sergeant Lou Daliso, who with officer Tom Green wrestled the subject.

In logo parentis

Looking like the red, white and blue markings on the tail of a British Airways jet, the National Enterprise Board's new logo suggests at first glance the passing influence of Sir John King, the BA chairman who briefly headed the NEB last winter.

Not so, I discover. It is the work of Manchester-based designer, Norman Wilson, brought in by Sir Freddie Wood, latest in the NEB's long list of chairmen. Wherever Wood goes, it seems, Wilson is never far behind with an identifying stamp. He has done design work for Wood's main company, Croda, for 20 years and put the



"In the interest of greater efficiency would you see that this goes into the furnace of one of our generators."

tri-coloured seal on National Bus when Wood sealed that organisation together in the 1970s.

His new logo will also figure on new letterheads today for the National Research Development Corporation which Wood is rapidly binding with the NEB into a British Technology Corporation. What logos join together, can anyone in future put asunder?

Cover up

New York's Democratic Senator Daniel Patrick Moynihan has an endearing habit of quoting the Financial Times in his speeches, and thereby immortalising it in the Congressional Record, the Washington equivalent of Hansard.

The least we can do in return is to cite the following stirring resolution, which Moynihan introduced into the U.S. Senate earlier this week:

"Be it resolved

plastic sheathing in order that construction might continue during the winter months:

"And Whereas the plastic cover has now been removed, revealing, as feared, a building whose banality is exceeded only by its expense:

"Whereas even in a democracy there are things it is well the people do not know about their government:

"There be it resolved that it is the sense of the Senate that the plastic cover be put back."

Vested interest

According to the "Guide to Gabon" distributed to delegates attending today's International Monetary Fund interim committee meeting in Libreville, "studied nudity or casual dress, even aloofness, are indispensable" for central bankers and finance ministers seeking the "simple and bracing pleasures" of the city by night.

At the Gabonese capital's palatial conference centre, which rises up out of the steamy landscape like a space station from "Star Wars," some participants in the preparatory gatherings yesterday had taken the hint for the daytime as well.

Although sober, occasionally tropical, suits predominated among the delegates teeming around the centre's football-pitch-sized debating chamber, one Bank of England official was sporting a jaunty cravat, while another was reliably understood to be bringing his cardigan with him in order to withstand the fierce air conditioning.

The prize for equatorial elegance went to the three-man team of senior officials from the West German Bundesbank. Far away from the fretting in Frankfurt about the diving D-mark, the distinguished trio was spotted in soft shoes and sweat-soaked scanning plans for Gabonese excursions. They promised, however, to be back in suits later on.

Observer

SUN ALLIANCE INSURANCE GROUP

ANNUAL GENERAL MEETING

The Annual General Meeting of Sun Alliance and London Insurance Limited was held yesterday at the Head Office of the Company in Bartholomew Lane, London, EC2.

Lord Aldington, The Chairman, presided and in addressing the Meeting stated:

"It is my practice at the Annual General Meeting to give an indication of our experience since reporting our annual results, even though one quarter's experience can be little guide to the full year's results.

"At Home favourable weather conditions helped our underwriting for the first quarter, and Home results were materially better than a year ago. In most overseas territories, notably in Australia and Canada, underwriting continued to reflect the unstable market conditions to which I referred in my statement; and overall experience overseas was worse than a year ago.

"Investment income for the first quarter showed satisfactory growth."

A Vote of Thanks to the Directors and Staff was proposed by Mr. Ronnie Taylor.

The Reaganite criticism of Thatcher's men

IE conventional "Keynesian" criticism of the British Government is that it has been too restrictive, that it has persisted in a policy of spending and monetary cuts in the face of a recession.

There is, however, an opposing school, or set of schools, of critics, which maintain that so far from being too tough, the policy has not been tough enough. The stance of these critics is best described as "Reaganite", although there are many such critics to be found on this side of the Atlantic.

It goes roughly as follows. So far from having cut public spending, the Government has increased it. So far from introducing incentives, the tax burden has been increased. There has been very little reduction in the size of the state sector. Even the control of the money supply has been only an aspiration rather than a reality, and there is nothing to guarantee that the recent reduction in inflation is not just temporary. The public sector is as large as ever and whatever squeeze there has been has been borne by private industry.

Mrs. Thatcher sometimes gives the impression of agreeing with these criticisms of her own government. But as direct telephone calls to the Prime Minister should be few and well chosen, I think it would be more useful to dissect the criticisms a little further here.

Some people even try to run together both the Reaganite and Keynesian criticisms of the government, and imply that if Reaganite methods had been used—that is if spending and taxes had been cut—there would have been no recession.

As events in the U.S. are

likely to show, this hope is pie-in-the-sky.

As far as the UK is concerned, the Reaganite critics run together far too many issues.

In common-sense terms curbing inflation requires both a limit on the Public Sector Borrowing Requirement (PSBR), and policies to ensure that the banking system neither finances the PSBR nor injects too much money into the private sector.

The PSBR is simply the margin between expenditure and revenue. It can be a margin around a low, high or medium level of public expenditure.

But in principle, and in practice, high spending, welfare or military states can have stable prices. Economists who have tried to find a historical link between public spending (as distinct from borrowing) and inflation have not been very successful.

But even if it is not strictly part of the anti-inflation policy, it is not a curb on public spending necessary to revive the economy? Very great care is needed here.

The UK is in the middle of the range for public spending with slightly less than France or West Germany, much less than Scandinavia, but more than the U.S. or Japan.

The historical trend is more revealing. It is clear from the charts that the public spending ratio started on an upward climb in the middle of the 1960s, which became particularly steep in the early 1970s. The ratio rose to a peak of 46 per cent in 1974-75, since when it has fallen and risen again.

Public spending rose, after allowing for inflation by nearly 4 per cent in 1980-81. The main items, were local authority spending, loans to nationalised industries, defence, social security and special employment

measures. A large part of this excess is clearly related to the recession, even though it is not strictly tied to it in the way that unemployment payments are.

There is here a clear parallel with 1974-75, which underlines the need to look at a broad sweep of years. The worrying factor is not that the government has bailed out firms or spent more on subsidies and make-work measures in recession.

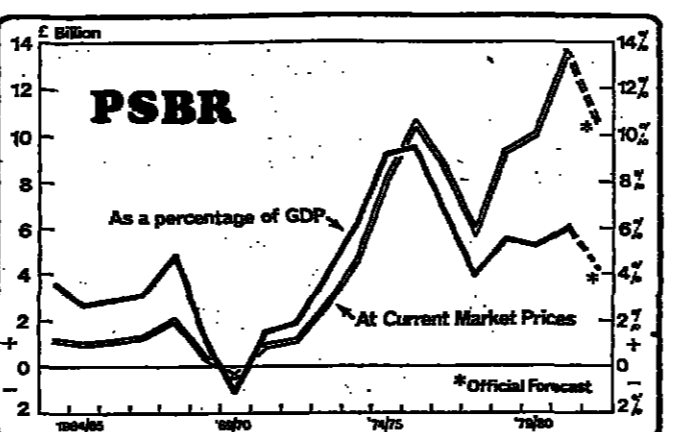
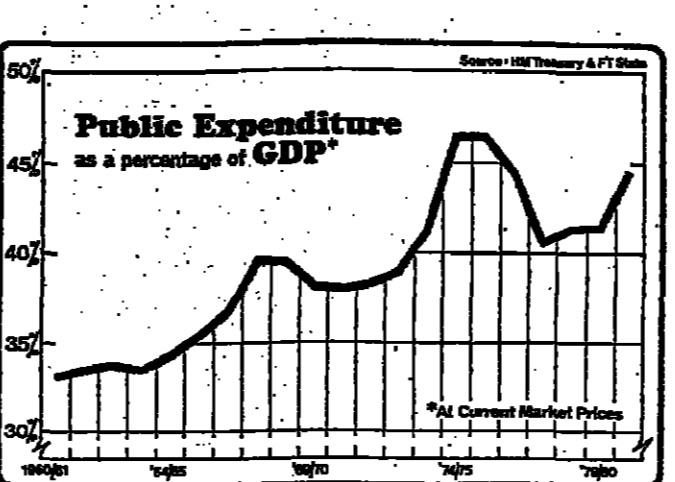
The reason for worrying is that instead of recognising that industrial support is social expenditure by another name, the Government, like its predecessors, has tried to persuade itself that it is inaugurating fundamental reforms which will put B.L. British Steel and all the other lame ducks back on their feet—not to speak of I.C.L.

This is aggravated by the tendency of British politicians and civil servants to think in terms of men rather than measures. "Who will sort out firm X or situation Y?"

It is a rare individual who, being chosen for this role, will want to wind up or open to competition the empire which he has been given. The more political prestige has been placed on the choice of a particular individual, the more he has the Government in his pocket.

In some ways it is better to have nationalised industry chairmen like Sir Charles Villiers, the former chairman of British Steel, whom the Government inherited from its predecessor and for whom it did not pretend to have special affection. This at least pushes back the responsibility for policy to Government.

If the last public spending White Paper is to be believed, public spending will fall by nearly 1 per cent this fiscal year, nearly 2 per cent next year and 3 per cent the year after, allow-



ing for inflation. As some real growth is forecast the implication is that the public spending ratio will fall back towards 40 per cent.

My own interpretation of the request for new "cuts" is that these will be necessary simply to offset the normal tendency of spending to grow faster than planned.

But whatever one may think of total public spending and its

composition, the Government has shown considerable courage in making sure that more of it is financed from tax. This is sometimes obscured by the habit of stating the PSBR in cash terms, which is misleading over a period when the value of money has been shrinking.

As the larger chart shows, the PSBR has fallen from nearly 10 per cent of the GDP in the mid-1970s to 6 per cent last

year, a fall which is intended should go further.

This is not bad going for a recession period. It has involved, according to plausible calculations by the Oxford economist, Walter Eltis, a rise in tax revenue (including national insurance contributions) from 38 per cent of the GDP in 1978-79 to an estimated 43 per cent in 1981-82. But before shedding too many tears about this, it is worth looking at the table which shows that people's real income after tax and inflation has been growing very rapidly indeed in the last few years—faster in fact than in the Macmillan "never had it so good" period.

That is why so many of the more hysterical articles about the supposed state of depression ring an altogether false note. What has happened is that the majority who remain in work have priced out of jobs a growing number of unemployed.

Indeed Government economic projections assume that for the next year or two incomes will rise less than output, to help rebuild profit margins and create conditions for a restoration of employment.

As the table shows this is not a utopian hope, as something very similar happened under Mr. Healey in 1975-77. Indeed the rise in unemployment was then temporarily reversed. But the achievements were blown by an excessive reliance on pay policy and a mishandling of the re-entry to collective bargaining by both the last and present Governments.

The most valid criticism that Reaganite critics can make is that market expectations of inflation remain so high—over 12 per cent, judging by gilded yields.

When Friday's Retail Price Index appears, we should remember Terry Burns's first

DISPOSABLE INCOME

Average annual change in real personal disposable income allowing for tax, benefits and inflation

Year	%
1948-57	2.6
1957-64	3.8
1964-70	2.2
1970-74	4.2
1975	-1.7
1976	-0.1
1977	-2.1
1978	8.3
1979	5.7
1980	+2

Source: CSO

Law of Inflation. This states that any six months period, which includes March and April, gives an annualised rate of inflation 2 to 2½ per cent above its true levels; a period which excludes these months gives a rate 2 to 2½ per cent below the true rate. Thus a 15 per cent annualised rate next Friday would imply a true rate of about 12½ per cent.

The real worry is the lack of evidence of a sustained reduction in monetary growth since 1977—without which the present dip in inflation could prove as temporary as its predecessors.

Professor Allan Meltzer fears that central banks underestimate the demand for credit in recoveries, set interest rates too low, and thus stimulate a monetary explosion.

The City University's Banking Centre is worried by the lack of firm plans to claw back last year's large overshoot in the official Sterling M3 target. I am afraid that the Treasury's 26-term equation relating money and prices to private sector wealth—while an interesting piece of research—does not in

the least convince me that "base drift" can be safely neglected.

There is surely common ground, however, in Meltzer's assertion that anticipated inflation will not be reduced "until there is evidence that central policy will continue to reduce the growth of money during the next expansion." The test may come at any time in 1982, or even later this year. The argument for a "monetary base" type of control is in my view the political one that it would reduce the chances of this mistake being made.

A monetary base control is indeed being considered which would include notes and coins as well as banks' deposits with the Bank of England. It would be non-mandatory and the target would be set for six months to a year. The odds are somewhat against its being adopted.

Unfortunately, there is no chance whatever that the Bank of England, if left to its beloved discretion, will get interest rates other than hopelessly wrong.

Nor would I expect this or any other Prime Minister to take upon herself charge of "aborting recovery" by ordering a discretionary rise in interest rates. There is, however, just a chance that she would not interfere in the face of interest rate fluctuations that arose in the market as a by-product of following a monetary rule.

"Down with base drift," "down with Bank of England discretion," and "down with passing the buck to someone else" should be the slogans of those who want the anti-inflationary strategy to succeed, whether they are Reaganites, Thatcherites, Social Democrats, or just plain human beings.

Samuel Brittan

Letters to the Editor

No correct rate for sterling

From Mr. L. Jackson.

Sir—It is ironic, when almost everyone is still complaining about the strength of sterling, that oil companies in the UK are raising domestic prices through losses due to the recent fall in the value of sterling.

The truth is that the exchange rate is a market rate—the price tag put upon our currency by foreigners (aided by resident institutions and individuals since exchange controls went away). There is no such thing as a "correct" rate for sterling and I have little confidence in those who seek to massage the rate this way or that.

Scepticism is indeed justified in relation to some of the panaceas offered. Mr. Roy Jenkins, for instance, in addition to calling for curbs on capital flows, made an extraordinary reference to "talking down" the rate. Anyone close to the 1967 devaluation of sterling knows that a weak currency can be talked down but to try to talk down a strong currency is likely to be as efficacious as spitting into the wind.

The Government is nearer the mark with the proposed reserve powers in the Finance Bill to restrict borrowing from non-residents, to limit the acquisition of sterling bills by non-residents, and to require deposits with the Bank of England at nil or negative interest rates in respect of increases in the sterling balances of non-residents. Yet such measures have not worked very well in other countries after an initial period. Of course, such steps are not necessary at the moment, since high U.S. interest rates appear to have attracted outflows. Incidentally, one notable problem in applying such measures is that it is only

excessive net inflows we would wish to check and certainly not direct investment in UK industry.

Most theorists seem to forget that it is the oil component in the equation which keeps sterling relatively high and so weakens, e.g. the D-mark and the German balance of payments in comparison.

Our trading partners have to generate additional exports up to 6 per cent of GDP to pay for the increased cost of their oil imports, whereas we are more than self-sufficient. Even the Bank of England's trade-weighted index, which presumably reflects oil sales, is apparently not weighted for the UK's actual possession of the oil asset.

The Liberals grasp this but have, I think, drawn the wrong conclusions. The Liberal argument is that, if all else fails, the rate of exchange can be brought down by slowing down North Sea oil production. I think this is wrong on two counts: it is surely possession of the oil asset, not the rate of its use, which keeps sterling buoyant; and reducing production (but not, presumably, costs in proportion) means that we should first sacrifice our exportable surplus and then have to make up any remaining shortfall with additional exports.

I conclude that, in a market economy, traders will have to accept a comparatively high rate of exchange for sterling while the oil lasts. In this matter, I believe the foreign exchange market to be a more reliable guide than academics or politicians.

Leonard A. Jackson.
Caritas,
Heathside Lane,
Hindhead,
Surrey.

Machismo in the boardrooms

From the National Organiser, National Union of Journalists.

Sir—There are 28 people from Nottingham who have deeper scars than Mr. Christopher Pole-Carew (Management Page, May 11).

They are the 28 NUJ journalists—referred to in the article as "the 28 NUJ journalists"—who are taking part in the provincial journalists' strike against the Newspaper Society (of which he Nottingham Evening Post was at the time a member). Those 28 and many other journalists will find Mr. Faze's ulogy for Nottingham as offensive as I did.

It would have been a little odd had the FT explained that Mr. Faze was, until relatively recently, general manager of the Liverpool Daily Post and Echo. As ex-newspaper manager, it's not surprising that he should equate new technology with taking on the trade unions, but he must know that in provincial newspapers technological change has been going on—radically but continually—with co-operation of the unions for many years.

Union members, as well as non head offices, will swallow the harder hammer over the proposed next step (direct input) when they see it regarded as such blatant management crass union terms. As a trade union official closely involved in the Wolverhampton agreement referred to in the article I would

say that union head offices do have something at stake—the future of the industry in which our members work. That's far too important a matter to leave newspaper managements entirely in the hands of computer salesmen or to allow them to plunge the industry into the chaos a "bash the NGA" campaign would produce.

The NUJ believes that lasting technological progress can only be achieved through agreements involving all the relevant unions and for closer links between newspaper workers. We also believe that technological change should be strictly related to producing better newspapers and not used to satisfy any longings for industrial machismo that may be lurking in the boardrooms.

Noel Howell.
Acorn House,
314-320, Gray's Inn Road, W.C1.

Lender of last resort

From Mr. A. Twist.

Sir—I was interested to read Robin Pauley's article (May 19) in which he suggested that City institutions are becoming increasingly nervous about the possibility that a Scottish local authority might default as a result of powers that will be available to the Secretary of State for Scotland when the new Scottish Local Authority Bill becomes law. It is important to distinguish between the danger of a "default on loan repay-

ments" to which Robin Pauley refers and a default on an interest payment. So far as loan repayments are concerned, every local authority in the United Kingdom has recourse to the Public Works Loan Board as lender of last resort "if a local authority needs to borrow immediately and cannot raise the money from other sources," and this safety-net (in practice almost never used) is entirely unaffected by the new Scottish Bill.

So far as interest payments are concerned, they are one of the three principal components of a local authority's revenue (the other two being wages and salaries and running costs) which are financed by grants, rate income and other income. The elected member of a local authority will think very deeply about ways of increasing other income or ways of decreasing staff and running costs before committing political suicide by defaulting on interest payments, because such a default (in Scotland) would lead to enforcement of Schedule 3, para. 20 of the Local Government (Scotland) Act 1975 which provides for the appointment of a receiver with very wide powers who would in effect step into the shoes of the local authority and carry out just those policies which the authority had chosen not to implement. At the very worst (which has never happened, because the available powers have never needed to be exercised either in Scotland or in England and Wales) a lender might be out of his interest for a short period while the receivership procedure came into effect, but the politicians would be in much worse case and would have achieved no more than a short delay after the Government's policies were carried out. The power to levy a supplementary rate gives local authorities in England and Wales no more than marginal extra elbow-room.

A. F. Twist.
Lee House,
London Wall, EC2

Most unlikely defaulters

From Mr. K. Elford.

Sir—It was with some concern that I read the article (May 19) on possible loan defaults by Scottish local authorities. Until the publication of the article, we, as a company, had no evidence whatever of institutions becoming "increasingly nervous" about possible defaults.

The security of funds borrowed within the consent of government is unaltered. The position of the FWLB as lender of last resort is unchanged, and without exception local authorities—on either side of the border—will continue to have access to those funds to meet their liabilities.

While there is no dispute as to the provisions of the Bill—though it does seem unfair to single out Lothian Regional Council as the likeliest defaulters—the Local Government (Scotland) Act 1975, Schedule 3, Paragraph 20, is perfectly clear, viz "if at any time any sums due by way of principal or interest on any security created by a local authority remain unpaid for a period of 2 months after a demand in writing, the person entitled thereto may present a petition to the Court of Sessions for the appointment of a judicial factor." In essence, this is the equivalent of the legislation

Have a good holiday

From Mr. R. Carswell.

Sir—The London Office of the EEC Commission has thoughtfully issued notes for holiday-makers on the medical care available in other countries of the European Community. The notes say that "holidays can be marred by sudden illness or accident abroad, so it is best to be prepared. There are reciprocal arrangements for medical care in all Community countries provided certain elementary rules are followed."

But what are these "elementary rules"? The notes tell us that "to avoid trouble [we should] apply for a certificate of entitlement to treatment (Form E.111 or 111 for West Germany) before going away. The form is not needed for visits to Ireland, Denmark or Gibraltar, but as certain procedures are necessary to receive treatment, it is worth taking (DHSS leaflet) SA 30 with you for guidance. Form E.111 (and 111) is obtained by filling in form CH1 (found at the back of leaflet SA 30) and sending it to the local social security office well in advance of the visit."

We will always remain the most insular member of the Community while we treat the crossing of the Channel as an event requiring the completion of three different forms just for the sake of our health, let alone our motor vehicle insurance or our business. Why not use the Council of Ministers to cut out this sort of bureaucratic tangle, and make the Community a simple, more sensible place for its citizens?

Richard Carswell.
CSM European Consultants,
Engle House,
109 Jernyn Street, SW1.

Today's Events

UK: Sir Terence Beckett, Confederation of British Industry director general, addresses CBI Wales conference, Cardiff.

Ford unions and management discuss disciplinary code dispute. The Queen and Prince Philip visit South Woodham Ferrers, New Town, Essex.

Prince Charles opens Cotswold District Council's new offices, Cirencester.

London Chamber of Commerce conference "Focus on the Netherlands."

Royal Westminster Exhibition opens (1,000 years of history), 12, Great George Street, SW1 (to August, 31).

Africa, Paris (to May 27).

World Health Organisation national annual assembly opens, Geneva.

Parliamentary Business: House of Commons: Debate on the BBC licence and agreement and on the Royal Charter. Motion on EEC documents on shipping standards and prevention of pollution.

House of Lords (at 11 am): Criminal Attempts Bill, committee stage.

Select Committee: Agriculture, on animal welfare in poultry, pig and veal calf production. Witnesses: Farm Animal Welfare Council (Room 16, 11 am).

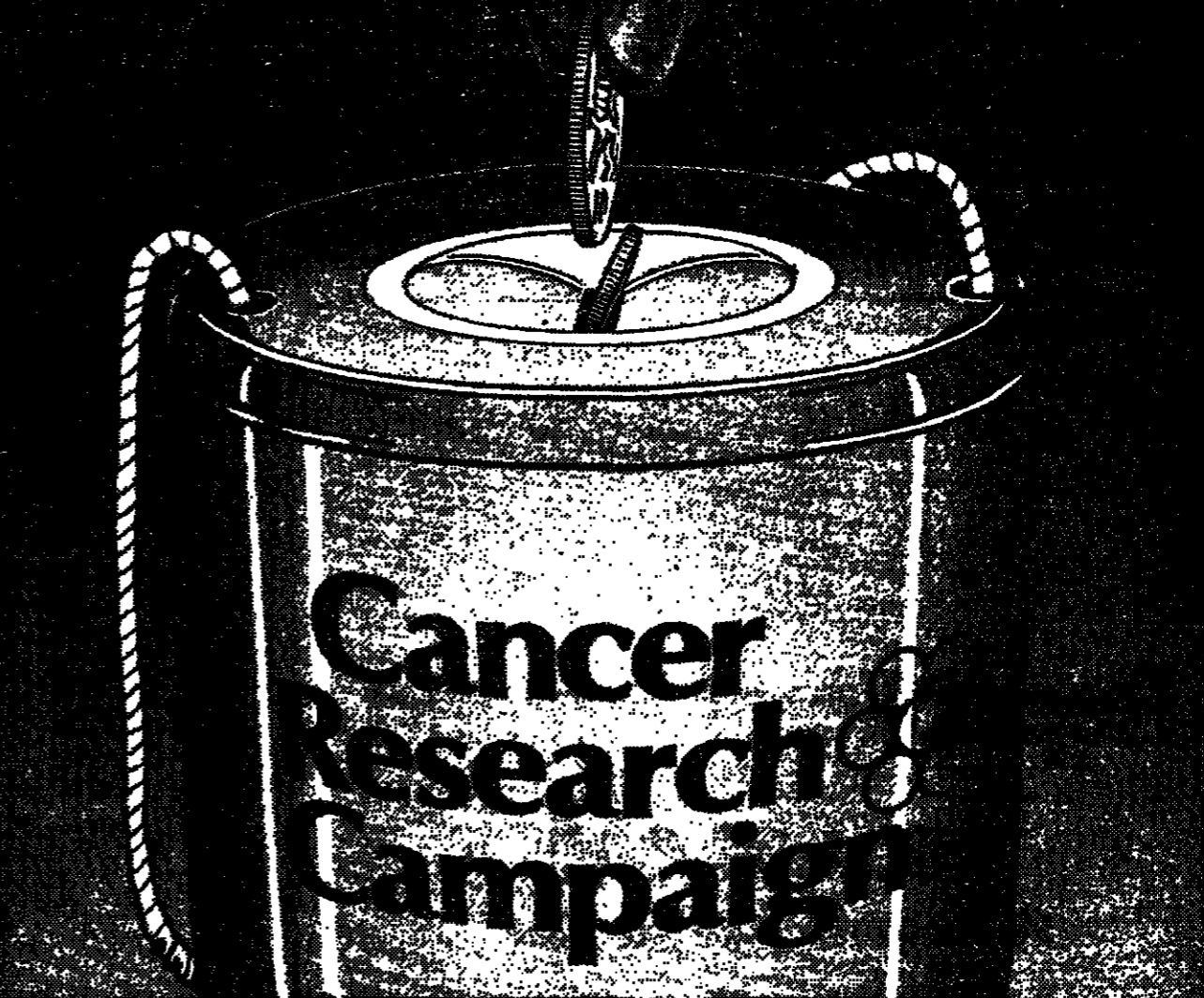
OFFICIAL STATISTICS

Department of Industry publishes first quarter provisional figures for capital expenditure by the manufacturing, distributive and service industries; and for manufacturers' and distributors' stocks. First quarter second preliminary estimate of consumers' expenditure. First quarter public sector borrowing requirement and details of local authority borrowing. Cyclical indicators for the UK economy for April.

COMPANY MEETINGS

See Company News on Page 27.

Who is the largest supporter of cancer research?



The Cancer Research Campaign is the leading supporter of research into all forms of cancer, including leukaemia, throughout the United Kingdom.

The work we fund with the money you give covers the whole spectrum of research into cancer—its causes, diagnosis, nature and treatment. It is carried out in universities, research institutes and medical schools—in the wards as well as in laboratories. We give both long-term and short-term research support—we fund life fellows, we endow university departments. From prevention to cure, the Campaign is concerned with every aspect of the cancer problem.

This year the Campaign will spend nearly £15 million on over 500 projects in 89 different centres.

Not only is the Campaign the leading supporter of cancer research in the UK, it also has one of the lowest expense-to-income ratios of any charity. So a contribution to the Campaign is really worthwhile, because more of your money goes on research.

Please help us to win the fight against cancer.

Cancer Research Campaign

LEADING THE FIGHT AGAINST CANCER
CANCER RESEARCH CAMPAIGN, 2 CARLTON HOUSE TERRACE,
LONDON SW1Y 5AR. TEL: 01-520 0872.
(for our local offices see under Cancer Research Campaigns
in your local telephone directory).

M & S picks up in the second half

BY GARETH GRIFFITHS

WITH second half pre-tax profits improving by £16.0m to £112.38m, Marks and Spencer recovered the ground lost at half-way, and finished the year to March 31, 1981 with a result £7.54m higher at £181.19m. On a CCA basis this is reduced to £171.99m.

Historic earnings per 25p share are shown to have risen from 7.21p to 7.63p and the net total dividend is stepped up from 3.4p to 3.5p, with a final payment of 2.3p.

Lord Sieff, chairman and joint-managing director described the dividend increase as an indication of confidence in the future. He said that current sales were encouraging.

Marks plans to spend £300m on property and equipment in the next four years, including new stores in Redditch, Bexleyheath, Stratford-upon-Avon, Enfield,

Banbury and Epsom. It will add about 500,000 square feet of selling space to its existing sales area of 6.6m square feet. Some 15m customers shop at Marks every week.

Group sales, excluding VAT and other sales taxes, improved by 12.3 per cent from £1.67bn to £1.87bn for the 12 months. Of these, UK clothing and merchandise contributed £1.12bn (£1.02bn) and foods £517.72m (£521m). Corresponding figures for Europe and Canada were £27.31m (£24.35m) and £6.07m (£4.2m) and £73.02m (£64.64m) and £5.11m (£5.03m) respectively.

Direct export sales outside the group amounted to £22.26m (£26.29m). The sales total included UK exports of £47.64m (£46.72m).

Trading profits rose by 7.5 per cent from £194.4m to £198.14m. The pre-tax figure comprised:

UK £176.94m (£170.54m), Europe £1.25m (£1.58m), and Canada £3.51m (£1.25m). It was struck after interest of £15.94m (£12m), depreciation of £19.05m (£18.11m) and a £3.2m (£3.05m) allocation to staff profit sharing scheme, and it included interest receivable of £17.94m (£16.18m) and a £3.21m (£3.53m) profit on the sale of fixed assets.

Tax took £80.61m (£79.27m) and minority profits £1.05m (£1.0m). This left the attributable balance 6 per cent ahead from £93.86m to £99.53m, and the retained profit up from £49.53m to £49.87m, after the dividend cost of £49.86m (£44.33m).

The results of overseas subsidiaries have been consolidated using exchange rates ruling at the end of each year. A comparison of the sterling figures against last year does not therefore reflect the performance of

these businesses. Expressed in local currency terms, the increase in European store sales were 34.7 per cent and profits rose by 9.2 per cent. In Canada the sales increase was 15.3 per cent and profits finished 107.2 per cent higher.

The Canadian result was achieved by rationalising group operations and closing down about 20 of the 58 stores owned.

The European profit figure is arrived at after deducting pre-opening expenses and warehouse relocation costs amounting to £263,000 (£273,000). The Canadian profit takes account of store closure costs of £454,000 (£nil).

Lord Sieff said the results had been achieved in an unfavourable trading period, with high unemployment and other calls on customer spending. Marks' sales have held up in the areas hit

by the recession and it has been stores in London and on the south east coast that have showed a decrease in trading.

Results were slightly better than the retail industry had expected. They reflect the success the company had in boosting volume sales by cutting prices last autumn.

Food sales rose by 11 per cent in volume, while those of clothing, the mainstay of the group, increased by 7.5 per cent. Marks has been 14 to 15 per cent of the UK clothing market and says it is the fourth largest food retailer.

Price increases were below those for the sector as a whole. Clothing prices went up by 2 per cent and food prices by 4 per cent. The company predicts price rises this year will be "modest".

See Lex, Back Page



Lord Sieff, Marks and Spencer chairman, and Sir Derek Rayner, director, answering questions at yesterday's Press conference to announce the results for 1980-81.

London offshoot of Royston group faces liquidation

BY ROSEMARY BURR

THE LONDON subsidiary of Mr. Ronnie Royston's International group, Apparel Computer Services, has ceased trading and will go into voluntary liquidation shortly with an estimated deficit of £100,000 and £200,000.

Mr. Royston hit the headlines four years ago when he sold his stake in a small engineering company, Weyburn Engineering, to the U.S. company Carborundum at an estimated personal gain of £3m.

Speaking from his home on Long Island yesterday Mr. Royston said he was confident that Apparel Computer Services Ltd. in London could pay its debts including a bank loan to the company's bankers, Midland Bank, which he described as "not massive".

Talks are said to be under way with a private individual to inject capital into the group, which has offices in Atlanta and Dallas, and has associated companies in Switzerland, Italy, South Africa and Sweden. "We are right at the end of discussions. An announcement is imminent," he said.

ACS offered computerised marking and pattern making services to clothing manufacturers, including a supplier of Marks and Spencer. The share capital of ACS Ltd, the London subsidiary, is £30,000 of which £23 has been issued. Apart from Mr. Royston, its directors include a Mr. G. Cooper and Mr. J. Cooper,

both of whom are currently abroad. Mr. Brinsley Douglas, of accountants Casson Beckman, said his company was called in by Mr. Royston on May 8 to prepare a statement of affairs of ACS Ltd. with a view to it going into voluntary liquidation.

He said the staff had been made redundant, while Mr. Royston had returned to New York.

ACS Ltd. had been using a number of computers supplied by Hughes Aircraft Company, founded by the late millionaire reid Mr. Howard Hughes, and paid for on an instalment basis over several years. It is not clear whether the ownership of the computers rests with ACS Ltd. or Hughes Aircraft. If it transpires that ACS Ltd. does not own these computers, then its sole assets are fixtures and fittings.

Among ACS Ltd's creditors is the Midland Bank which is owed around £35,000 and a travel agency, Travel Places (International).

On May 5, three days prior to ACS Ltd. ceasing to trade, two first class tickets to New York were purchased on behalf of two of its employees and the £700.50 bill has not been paid.

Last autumn, Kuhn Loeb Lehmann, the U.S. investment bank, was approached to provide the group with financial backing. The U.S. house said yesterday it had rejected the proposal from Mr. Royston to invest money in ACS.

Ransome Hoffmann loss at midway

REDUNDANCY COSTS and rising interest charges have plunged Ransome Hoffmann Pollard, the bearings, electrical products and fasteners group, into the red in the first half to April 3 1981. But the directors believe the worst effects of the recession are past and better results will be achieved in the second six months.

The pre-tax loss for the period was £123,000, compared with a profit of £5,94m last time, after redundancy costs of £1.77m (nil) and interest charges up from £95,000 to £1.42m. The profit for the corresponding period in 1979/80 was also struck after special stock disposals of £733,000.

At the attributable level, the loss was £1.16m (£4.3m profit) after tax of £104,000 (£1.6m) and extraordinary debit of £906,000 (nil).

The interim dividend is held at 2p net—last year's total was 5.46p from profits of £11.02m.

He states that a continuing bright spot was the high level of deliveries in the aerospace

field. Profits of the electrical divisions, low in the first quarter, improved as the effects of de-stocking ceased. Orders were particularly strong in the automation, defence and safety fields, which remain areas of future growth.

Further redundancies were made in the fastener subsidiary, but this made a small profit on its normal trading.

The overseas companies all did well and earned record profits, with improved stock availability and strong selling activities still able to offset the high level of sterling. Exports to North America were helped by the recent reversal of the persistent up-trend in sterling, says the chairman, but overall exports showed some decline.

comment Ransome Hoffmann Pollard spent nearly £5m in the first half to cover closure costs at

Annfield Plain and Northampton and redundancies in other bearing plants. The nominal profit in bearings before redundancy charges reflects a good contribution from the overseas subsidiaries offset by losses in the UK following a further 20 per cent volume decline in the home market. However, RHP has been able to bring down stocks in recent months and improve the weekly working rate in its bearing factories so a small profit in this sector is still possible. As expected, the electrical subsidiaries had to contend with de-stocking in the first quarter but sales improved in the second quarter and seem to be holding up. Group profit in the full year could be £2m-£4m but capital gearing has risen to about 50 per cent as a result of the big closure costs. At 30p, down 51p yesterday, the historic yield is 10 per cent, perhaps reflecting the uncertainty about the final dividend expressed in the company statement.

comment The board says that net shareable assets attributable to shareholders have increased from £48.3m and net borrowings have been reduced to £20.5m.

comment Most of the 1980 decline in profits and turnover can be traced to high interest rates and low demand for scrap metal. Although borrowings fell by £2m during the year—gearing is now below 50 per cent—the interest charge nearly doubled. £1.8m of metal profits earned in 1979 disappeared. There were a few other grey areas: plant-hire profits fell by a third, house-building by a half. But there are signs of improvement even there. In other activities, the group had

a good year, and appears to have reasonable prospects. The Weatherhead subsidiary increased its profits, despite softness in the double-glazing market. Pauling has civil engineering contracts in the Middle East and Africa and is expected to win more work there over the next few years, and the earthmoving companies will be fully occupied in the UK this year. Work in hand stands at £45m, against £43m last year. On a yield-based basis the p/e is about 7, somewhat below that contracting construction averages in yield terms, but the discount remains more significant: on yesterday's unchanged share price of 46p, the yield is 12.3 per cent—more than twice the average for the sector.

comment The group has continued with its investment policies and the directors have confidence in the underlying strength of the group and its recovery potential, which they say will be realised as soon as the volume of order intake returns to normal levels.

Substantial economies have been made during the period of its recession, and the group is resulting in a charge this time of

Redman Heenan plunges into loss as orders decline

IN THE half year to March 31, 1981, Redman Heenan International, maker of engineering products, dived into the red incurring a pre-tax loss of £1.5m for the period, compared with a profit half the loss last time. Turnover dropped by £4.22m to £14.45m.

As anticipated earlier this year, order intake remained depressed during the half year, against the worst trading conditions in the company's history. For the year to date, order intake has been 50 per cent below that of the comparable period last year.

Although results for the second six months are expected to show some improvement, the directors say it is unlikely that this will be sufficient to restore the group to profit for the year as a whole. However, because of the strength of the balance sheet and the directors' belief that the group can withstand the effects of the recession, the interim dividend is being held at 2.3p net—the previous year's total was 4.3p on taxable profit of £2.58m.

The group has continued with its investment policies and the directors have confidence in the underlying strength of the group and its recovery potential, which they say will be realised as soon as the volume of order intake returns to normal levels.

Substantial economies have been made during the period of its recession, and the group is resulting in a charge this time of

£604,000 for re-organisation and redundancy costs. The pre-tax result was also struck after interest payable of £58,000 (£104,000). After charging tax of £176,000 (£271,000) and dividends costing £415,000 (same), but including extraordinary credits of £10,000 (£283,000), the group was left with a deficit of £2.05m, against profit of £9.59m last time.

comment

After January's warnings of a tough first half the stark reality of a £1m loss from Redman Heenan is worse than the market had anticipated. But the blow is cushioned by the expectation that Redman will be back trading profitably in the second half. The recovery may not be good enough to offset all the interim deficit but trading profits in the closing six months could more than balance out the half time loss before the £604,000 charge against 500 redundancies. Redman's main headaches were at Redman Fisher (steel flooring) and Fielding and Platt (metalworking and presses) though all divisions went into reverse. The shares eased a shade to 58p yesterday but it is the market generally that has been in a better frame of mind they could easily have gone the other way. Much better results are expected from Redman next year and with a dividend yield of at least 10.8 per cent there seems little danger of any relative price weakness developing.

Marginal decrease in Sphere net revenue

Net revenues of Sphere Investment Trust fell marginally from £2.01m to £1.93m for the year to March 31, 1981, after tax of £973,613, against 1980.827. Earnings per 25p share slipped from 6.62p to 6.34p.

A final dividend of 3.4p (same) makes a net total of 6.35p (5.7p).

The board expects to maintain the payment in the current year and forecasts an interim of 2.53p.

At the year end, net asset value was ahead from 164.55p to 214.92p.

Gross revenue totalled £3.47m (£3.2m) including special non-recurring dividends of £0.38m.

COMPANY NEWS IN BRIEF

BREMAR TRUST (investment trust)—Net revenue £28,800 (£27,350) for year to March 1981 after UK tax of £50,403 (£30,263) and foreign tax nil (£119). Final dividend 1.1p, making a net total payment of 2.1p (1.94p). Earnings per £1 share 2.45p (1.97p) and asset value per share 30.17p (£2.06p).

W. W. RIBBONS HOLDINGS (manufacturer of nylon and polyester webbing)—Pre-tax loss £273,317 (£220,227) after interest of £234,557 (£219,250) and depreciation of £24,557 (£20,000) on turnover of £4.55m (£7.61m). Tax nil (£16,567). Attributable loss £273,317 (loss £206,573 after extraordinary debit of £472,388). No interim dividend (same). Board says the UK company's order books have increased the last few weeks and it is hopeful that this will be maintained with a consequent improvement in trading.

FRANCIS SUMNER (HOLDINGS) (industrial holding company)—Results for 1980 prospects and merger proposals for 1981. Shareholders' funds £2.22m (£5.8m). Fixed assets £2.6m (£1.88m). Net current assets £2.67m (£3.22m). Net borrowings up £408,132 (down £271,137). Proceedings have been instituted against company alleging breach of warranty arising out of use of subsidiary in 1977. Directors consider claim to be unfounded and as such it is being strongly disputed. They therefore believe that no provision requires to be made in accounts. Meeting, Winchester House, EC, June 11, noon.

ASSAM-DOORS HOLDINGS (tea producer)—Pre-tax profit £213,923 (£23,923) for 1980. Dividend maintained at 5p net. Profits after tax were £180,823 (£54,253) and after exchange losses were £158,358 (loss £35,548). Earnings per £1 share amounted to 5.85p, against loss of 5.75p.

WESTERN HOLDINGS (investment holding company)—Results for 1980: Pre-tax profits £66,464 (£60,857); after tax profit £5,113 (£21,113); losses after tax and exchange losses £35,140 (£39,951). Loss per £1 share 3.2p (7.05p). Dividend 4p (same).

PETROCON GROUP (manufacturer of equipment for oil, petrochemical, process and water industries)—Results for 1980 reported April 4. Fixed assets £1,744m (£1,744m) and current assets £13.3m (£13.3m), including debtors £2.08m (£3.38m) and stocks £1.6m (£2.79m). Net current assets £11.6m (£10.51m), including debtors £2.1m (£3.3m) and bank overdrafts £24,838 (£283,884). Shareholders' funds £2.24m (£3.76m). Decrease in working capital £1.52m (£2,717). Historical pre-tax loss of £17,957 (£152,588 profit) increased to £365,000 loss (£200,000 loss) on a CCA basis. Chairman says group has made encouraging start to current year and is on target to return to profitability in first six months. Meeting: Weybridge, Surrey, June 12, 12.30 pm.

BRIDON (manufacturer of wire, wire rope, fibre and plastic products). The group should see benefits of its investment and plant developments in North America and Mexico by the end of this year. Mr. J. Laird, chairman, told the annual meeting. Economic conditions affecting overseas operations outside Europe had not deteriorated and compared with the level of the second half of 1980, he could still foresee an improvement in sales and margins overall. With any sustained improvement in the general level of UK economic activity, and the benefits of the group's rationalisation coming through, he would expect an upward trend in profitability during the remainder of the year.

LONDON TRUST COMPANY (investment trust)—Results for year to March 31, 1981: Gross revenue £3.31m (£3.37m), net revenue £4.5m (£4.13m), tax £1.6m (£1.25m). Final dividend, 2.25p (adjusted 1.875p for a total of 3.5p (3p adjusted)). Net asset value per 25p share 111.5p (78.1p).

PERCY LANE GROUP (maker of window assemblies)—Mr. Peter Lane, chairman, said at AGM that group had made a firm start to year and it seemed probable that a modest profit increase would be seen for first half.

After more than four months, a satisfactory profit performance in its UK market had been marked only by an unofficial labour dispute at Perry Park, where March and April, now resolved. Perry Park had again performed well in a tight market while very low sales at Benard had caused losses but there were good indications of improving sales from the first quarter. The group was beginning to see some stabilisation in the level of incoming orders and if this could be maintained a satisfactory performance was expected in the second half.

SUN ALLIANCE AND LONDON INSURANCE (insurance company, subsidiary of Charter Consolidated)—Mr. Geoffrey Higham, chairman, stated at the AGM that the group had made a satisfactory start to the first quarter and home results were an improvement over the last quarter of last year.

RIGHTS ISSUE ACCEPTANCES—Acceptances have been received in respect of 40.85 per cent of the 24.9m convertible preference shares offered in a rights issue by Welford Group. The balance has been sold in the market, and the excess of 2.7p will be distributed among the original allottees.

A rights issue by London Shop Properties Trust of £4.8m 8 per cent convertible unsecured loan stock has been accepted as 29 per cent by ordinary shareholders. The remainder has been taken up by the underwriters.

ART GALLERIES—BROWNE & BARTY, 19, Cork St. PHILIP BURTON paintings. LEVEY GALLERY, 20, Brompton St. WI. 01-49 1572-3. Century Works on 100, Moat St. TCS. MATTHEW GALLERY, 24, Montpelier Street. Balance has been sold in the 1981 CCA and Contemporary Paintings of ANKBA.

WILDERSTEIN (London Jewellers, sculpture and collage) until 29th May, Wednesdays 10-5.30, Saturdays 10-12.30, 147, New Bond Street, London, WI. 1.

THACKERAY GALLERY, 18, Thackeray Street, London, WI. 1. 5. 5555. MARK WINER, until 5 June.

MARLBOROUGH, G. Albanese St. WI. 01-49 1572-3. 80 paintings. 1814-1835, Daily 10.30, Thurs. 10-7, Sat. 10-12.30, until May 29th.

ROYAL SOCIETY OF PORTRAIT PAINTERS (London, WI. 01-49 1572-3). British Land, 100, Moat St. TCS. 10.30-12.30, until May 29th.

CLUBS—EVE has cut down the others because of a policy of fair play and wage for money. Since from 10.30-12.30 am. Disco and pop music. 1814-1835, Daily 10.30, Thurs. 10-7, Sat. 10-12.30, until May 29th.

GARGOYLE, 40, Bond Street, London, WI. 1. 5. 5555. 1814-1835, Daily 10.30, Thurs. 10-7, Sat. 10-12.30, until May 29th.

materially better than a year ago, in most overseas territories, not only in Australia and Canada, underwriting continued to reflect the unstable market conditions and overall overseas experience was worse than a year ago. Investment income for the first quarter had shown satisfactory growth.

WIGGINS TEAPE GROUP (paper-making subsidiary of BAT Industries)—Results for year to December 27, 1980 reported with the preliminary figures of its parent company on April 30 - Fixed assets £142.7m (£125.06m); net current assets £31.61m (£31.26m). Meeting: Basingstoke, June 15, 12.45 pm.

NATIONWIDE LEISURE (caravan park operator)—Results for 1980 reported April 30. Shareholders' funds £1.38m (£1.4m), current assets £25,349 (£29,489), current liabilities £283,500 (£7.1m). Chairman states that legal proceedings to recover monies believed due from former directors have commenced. Meeting: Weybridge, Surrey, June 12, 12.30 pm.

ALEXANDER STEPHEN AND SONS (engineers)—Results for year to March 31, 1981: Operating surplus £25,368 (£2,589); pre-tax profit £30,400 (£42,523) includes income from investments, £35,442 (£29,837). Tax: £18,834 (£3,613). Dividend 1.4p (1.05p).

OWEN OWEN (department stores operator)—Results for year to January 31, 1981, reported on April 24. CCA pre-tax profit £537,000 against £62m historic. Shareholders' funds £2.17m (£2.77m), fixed assets £20.52m (£17.4m), net current assets £10.72m (£10.35m), loans £8.35m (£4.5m), overdrafts £4.55m (£2.55m). Chairman states that sales in the UK and Canada have been running ahead of projections in the current year to date. Meeting,

Lord Aldington, the chairman of Sun Alliance-UK underwriting results materially better.

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All these securities having been sold, this announcement appears as a matter of record only.

May, 1981

Republic of Finland

£50,000,000

14½ per cent. Loan Stock 1986

ISSUED BY TENDER ON A YIELD BASIS

Issue Price £99.8715 per cent.

Morgan Grenfell & Co. Limited

Baring Brothers & Co., Limited County Bank Limited Hambros Bank Limited

Hill Samuel & Co. Limited Kleinwort, Benson Limited Lloyds Bank International Limited

Samuel Montagu & Co. Limited S. G. Warburg & Co. Ltd.

Saudi International Bank AL-BANK AL-SAUDI AL-ALAMI LIMITED Yamachi International (Europe) Limited

Bank of Helsinki Ltd. Kansallis-Osake-Pankki Postipankki

Union Bank of Finland Ltd.

Dividends Announced	Current payment	Date	Corresponding	Total	Final
			div.	year	year
Advance Servs.	2.3	Aug. 17	2.3	3	2.3
Alpine Holdings	2.98	Aug. 17	2.98	5.25	5.25
Assam-Doors Hldgs.	6	—	6	6	6
Brenar Trust	1.1	—	0.95	2.1	1.95
Fine Art	1.65	July 2	1.5	2.75	2.5
Geers Gross	2.5	July 3	1.58	4	3
Kato Hagan	3.58	July 20	3.58	3.58	3.58
Idris Hyatt Tin 3rd Int	2.3	Oct. 1	2.3	2.3	2.3
London and Northern	2.35	July 6	2.35	3.75	3.75
London Trust	2.25	July 3	1.88	3.5	3
Marks and Spencer	2.3	July 17	1.9	3.8	3.4
B. and L. Nathan	nil	—	2.6	nil	4
Ransome Hoffmann Int.	2	July 15	2	—	6.46
Redman Heenan Int.	3	July 30	5.28	—	10.56
Selincourt	0.7	July 6	1.12	1.14	1.52
Sphere Inv. Trst.	3.4	June 26	3.4	6.25	5.7
Western Doors Tea	4	—	4	4	4
Whitbread Inv.	2.85	July 24	2.85	4.3	3.67

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

PAIN		Price
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	100	100
May 20		
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Research and Development in Unilever

Sir David Orr Chairman of Unilever Limited, at the Annual General Meeting on Wednesday, 20th May, reviews the contribution Research and Development have made to Unilever's success.



Unilever is the largest and the most broadly based consumer business in the world, with long interests in non-consumer goods such as chemicals, paper, plastics and packaging, and many food stuffs. These products have to perform as well in the climate of Northern Canada as they do in the Tropics.

This diversity of both products and geography is a dominant feature of the Group, and has unique implications for the organisation and for the way in which we establish our priorities in research and Development.

"This diversity leads to formidable problems in assessing how much we should spend on research and how best we can develop a suitable portfolio of research projects."

Our conviction that we must carry out such research is prompted and guided by a deep and continuously updated knowledge of the marketplace, and it is because our products have to satisfy the needs of many customers in many climates, that we have to take time and care to do that as far as possible we get value for money from it.

In spite of appearances, our products are quite complex from a scientist's point of view. Many of the raw materials are variable in composition and can change their physical and organoleptic qualities as a result of processing.

Because of this complexity, expertise in many scientific disciplines is required to enable us to make products that are safe, and that have the properties that we require and claim for them.

"The Development activity essentially seeks to answer the question How."

There is, of course, no clear distinction between 'Research' and 'Development'. However, within Unilever, we think of Development as an application of knowledge and understanding gained by research (not necessarily our own) to the solution of a specific product or process problem.

In spirit and in attitude, Development must be close to both marketing and production. That is why we believe it must largely be tried out by local companies, and not by a central organisation. This is even more the case in view of our growing presence overseas.

Consequently we have Development laboratories in our larger companies, and in more than 40 countries, whose strength and quality we are constantly developing.

Their task is to tailor our products and processes to the local environment and market demands, and to take account of indigenous raw materials, national legislation and all those factors that are local in character.

Inevitably there are strong links between these Development units and Research links which we continually strive to strengthen.

"It always seeks to answer the question Why."

The problems of organising and directing Central Research are complex, as a result of both the diversity of Unilever and of the nature of scientific research itself.

The essential feature of Research is that it seeks to gather data about natural phenomena and to make sense of it in order to produce understanding.

Unlike Development it is not specific to a particular problem, but universal in its application. It is also resource oriented. And the time scales involved are long. Thus careful programme selection is essential in order to avoid wasting time and money, and putting ourselves at risk.

Inevitably, too, successful research widens the options available to businessmen.

This has two important consequences. Firstly, it means that the organisation of central research should not be rigid. Secondly it throws opportunities outside traditional product areas, the exploitation of which requires imagination and courage.

"Scientific research in an industrial setting has some interesting implications for the way we organise it"

In order to maintain the pre-eminence of our position we need to employ people from many scientific disciplines, from histopathologists to engineers, from immuno-biologists to experimental physicists, to work together on a multi-disciplinary basis in one of our three main research laboratories, located in our parent countries; at Vlaardingen in The Netherlands, and Port Sunlight and Colworth House in the UK, close to our product group central managements.

Central Research has two main tasks. The first is to support our existing product areas by improving products and processes, and by providing new product ideas. The second is to identify new opportunities, which may derive from our own research or from general advances in science and technology.

The first of these tasks has more immediate impact, and we would expect the chances of success to be high.

The search for new opportunities, on the other hand, is much more speculative, and the time needed to exploit any chosen development is likely to be quite long.

Of course, in developing the fundamental research programme the senior scientists of our Central Research Division must have considerable help from their colleagues in the business side, and a view of the strategy for growth of our product groups. We do not think of research strategy on its own, but of a business strategy that embraces Research.

Any programme of research designed to support existing business begins with broad discussions between Research and the product group managers which establish the basic scientific, technological and commercial criteria.

From these discussions, Research will be able to develop a portfolio of projects, within the scale of available resources.

Allocating resources for developing new opportunities is even more difficult and the risks involved even greater. But our strategy must ensure that opportunities created by rapid developments in science are highlighted, and their potential for exploitation by Unilever examined.

"There is really no alternative to faith, and while we cannot eliminate this belief we try to minimise our exposure by our procedures."

The research programme is, then, a result of a synthesis of both scientific and business views of the future, and represents an act of faith on the part of the Group.

Of course we try to support this faith by following certain practical procedures.

We start by forecasting the way in which the various sectors of Unilever wish to develop, and the potential advances in science that may have important effects on our business.

Although our business embraces a wide variety of products made by processes using many technologies, there are many common scientific

themes which link these technologies together, and this helps our research people to integrate the forecasts. Thus we have been able to identify a limited number of scientific areas and topics that are likely to be applied to as many of our product groups as possible.

Finally, we monitor the progress of the fundamental research programme very carefully to make sure that no developments applicable to existing product areas are missed, and that no opportunities in non-traditional areas are ignored.

"Innovation can mean quite radical changes in many aspects of the business and we at the top of the business must give encouragement to and support for the generation and development of new ideas."

There is sometimes a misconception that invention and innovation are essentially the same.

We consider that innovation, by definition, is the commercial exploitation of a new idea from whatever source. It synthesises a particular consumer need and the technical means of satisfying it at a time when the market need is clearly expressing itself.

While simple in outline, the risks of innovation are considerable. Even in product areas where we have had great experience, our timing has been awry. However, such are the rewards, we must constantly try to assess the value of innovations to us, and to exploit them effectively through refining our ability to estimate the time factor.

"We see plenty of opportunities for new products and even for new areas of activity."

I have tried to portray our Research Division as an active and capable group of scientists who keep us up to date to the opportunities which science throws up for us. We expect that many of these will derive from the exciting developments in bio-technology, and already we have set up multi-disciplinary research teams in immunology, controlled cell culture and cellular biology. All these teams are under one direction, with a fairly clear view as to where their work might be exploited.

For example, the immunological work has produced an oral vaccine for pigs and calves which is used as part of animal feed, and which cuts down mortality and morbidity in these animals dramatically. The group has also produced medical diagnostic devices for humans, and they are now developing (with the aid of the cell culture team) the manufacture and use of mono-clonal antibodies for early diagnosis of disease in humans. The cell culture team has succeeded in producing clones of identical oil palms which are now on our plantations in Malaysia, and which give a yield increase of over 30%. Similar work on the coconut palm is already well in hand.

I could cite many other exciting opportunities which are opening up to us as a result of this work in the bio-sciences, but my main purpose has been to illustrate the way in which, by careful selection of appropriate scientific areas and by detailed study of them, our research scientists can influence the future development of our business.

"There are no magic formulae by which we can show how efficient we are at research."

Our essential investment must be in people. Where possible we look for young men and women who have a proven record of research, to whom we can offer a wide spectrum of opportunities for career development, some in the world of science, some in technical development, some on the technical side, and even some in business management. This mobility is good both for Research and for the business.

Research often proceeds by trial and error. Often we only hear of the successes of research, but these are made only after exploring many pathways and after many frustrations. Even the successes of our scientists will not be seen clearly by them in the marketplace, perhaps for many years, and this is why they need the encouragement and support of the top management in the company.

I believe that in Unilever we give them that support because we think their work is vital to the future of this business.

Unilever

The Annual General Meeting of Unilever NV took place in Rotterdam on the same day. Mr H. van den Hoven, Chairman of Unilever NV, presided and delivered the same speech as Sir David Orr in London. The Company has published a report made to the British Government under the E.F.C. Code of Conduct for companies with interests in South Africa. Copies of the report may be obtained from the address alongside.

If you would like to receive a copy of the full text of the speech please complete this coupon

To: Public Relations Department, Unilever Limited, P.O. Box 68, Unilever House, London, EC4P 4BQ.

Name _____

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Companies and Markets

UK COMPANY NEWS

Hartwells down but payout held

FALLING VEHICLE sales and severe price competition within the motor industry, set against a background of national recession with interest rates at unprecedented levels, has resulted in trading profits of Hartwells Group falling by 30 per cent from £2.96m to £2.77m in the year to February 28, 1981. The pre-tax profits were down from £2.86m to £2.5m.

Turnover of this distributor of vehicles, agricultural tractors and implements, and bulk fuel oil, increased by 6.3 per cent from £142.53m to £152.23m, excluding VAT.

Despite the adverse trading conditions, the board is recommending an unchanged final dividend of 3.575p net for a same-amount total of 5.367p.

Mr. F. S. Huggins, the chairman, says both the motor car and commercial vehicle markets are expected to be smaller this year and will be extremely competitive. He says the measures taken in the second half of the year are reducing overheads and interest charges, and profits for the first two months of the current year are better than those achieved in the corresponding months of last year.

It is difficult, he adds, to make forecasts for the full year, but he hopes better results will be achieved.

The pre-tax figure is struck after interest and stock finance charges up 15.5 per cent from £1.1m to £1.26m. There was a

tax credit of £124,000 (£400,000 charge), and after dividends, which absorb £536,000 (£611,000), profits retained came out at £992,000 (£2.11m). Stated earnings per 25p share are down from 23.5p to 13.7p.

Mr. Huggins says there has been rigorous control of capital, in particular stocks, which were £2.84m lower at the end of February than a year earlier.

A reduction of £3.83m in the bank overdraft also reflects the efforts made.

In a general survey of the group's activities, he says the total national market share of franchises remained unchanged at 63.7 per cent, comprising BL 15.2 per cent (19.6), Ford 30.7 (28.3), Vauxhall 7.2 (6.6) and Peugeot/Talbot 7.6 (9.2).

The introduction of both the BL Mini Metro and the Ford Escort provided a much-needed boost to the sales effort, and both models are selling well and making valuable contributions to current profitability, he says.

New commercial vehicle unit sales were 23.7 per cent down at 2,254, but progress was made in all service and parts departments, and motorcycle sales. Trading was difficult for caravans and new unit sales were down by 29.8 per cent, and petrol sales have again been the subject of price-cutting and trading has been on low margins.

The historical pre-tax profit was reduced to £576,000 on a CCA basis.

Harrisons Malaysian Estates slips £4.1m

Taxable profits of Harrisons Malaysian Estates, rubber producer, slipped £4.08m to £19.24m for the nine months to the end of December 1980 on turnover down from £54.8m to £44.9m.

In the previous full year, the group reported profits of £51.26m on turnover of £72.1m. A net total dividend of 8p was paid. For the current year an interim payment of 2.5p has so far been declared.

The surplus was struck after investment income of £3.73m (£2.65m) and a share of associated company profits of £215,000 (£338,000).

Earnings per 10p share were down from 7.5p to 7.68p after a reduced tax charge of £12.92m (£13.1m).

The profit attributable to shareholders increased from £13.02m to £18.25m after an extraordinary credit of £5.43m (nil) and a debit for minority interests of £80,000 (£45,000).

The extraordinary item was the disposal of subsidiaries of their holdings totalling 869,743 ordinary shares of £1 in Harrisons and Grosfield which it acquired before it became 80 per cent owned by Harrisons and Grosfield.

Advance Services improves

Taxable profits of Advance Services, linen supply and laundry group, improved from £4.47m to £4.88m during 1980 and the directors are stepping up the dividend from 2.6p to 3p net with a final of 2.3p.

On a current cost basis, the pre-tax surplus is reduced to £2.95m.

Tax took £667,000 (£972,000) and after minorities of £1.27m (£1.1m) and extraordinary credits of £279,000 (£593,000), the attributable profit emerged at £3.94m against £2.98m. Earnings per 10p share rose 1.32p to a stated 9.85p.

Turnover went ahead to £35.44m (£30.15m).

Metalrax over target for first quarter

First-quarter profits of Metalrax (Holdings) were ahead of budget, Mr. John Wardle, chairman, told shareholders of the Birmingham-based engineering group at the annual meeting.

Cash flow had been firmly positive and payment of the final dividend and tax liabilities had not reduced the £0.6m credit balance shown at the end of the last year.

Mr. Wardle said the group had "no intention of joining the list of companies now queuing to obtain more money from their shareholders through rights issues."

A change of name to Metalrax Group PLC was approved at the meeting.

ROWNTREE

Acceptances have been received in respect of 90.9 per cent of the 27m shares of Rowntree Macintosh offered in a rights issue at 160p a share.

ASSOC. BISCUITS

The board of Associated Biscuit Manufacturers is proposing to change the name of the group to Buxley and Palmer Foods, Mr. Gordon Palmer, the chairman, told the annual general meeting. Biscuit manufacture now accounts for little more than half of sales by the group which includes Smith's Food Group.

Fine Art calls for £5.3m as profits slump to £4.6m

Fine Art Developments, the greeting cards and mail order group, has reported an expected 24 per cent fall in pre-tax profit to £4.6m in the year ended on March 31, 1981.

However, it is recommending a 10 per cent higher final dividend and, in the context of a £5.3m rights issue, is undertaking to raise the total dividend from 2.75p to 3p a share this year.

The rights issue, the group's first since a June 1977 call for £1.5m, is on the basis of one new ordinary 5p share at 55p for every five held on May 8.

The directors say that turnover has doubled since the last rights issue and substantial sums have been invested in production and distribution facilities. In addition, Fine Art acquired the 75.6 per cent of Wilson

Brothers, another greeting cards company, not already held last year for £1.6m in cash plus shares.

Spending has largely been financed from retained profits and borrowings and the directors are of the opinion that it is now appropriate to broaden the company's equity base. Initially, the net proceeds of the issue will be used to reduce short-term borrowings from the unusually high levels reached in the past two years.

Turnover in 1980-81 grew from £88m to £76m but included £10.7m from the Wilson group in respect of the nine months in which it was consolidated.

Trading profit was £7.4m (£7.2m) while interest charges jumped to £2.8m (£1.2m).

The tax charge at £0.3m (£3.2m) was lower because of current stock relief and loss credits inherited from Wilson. After net extraordinary credits of £4.1m (£1.8m), mainly from released deferred tax, attributable profit was £3.8m (£4.7m). Dividends took £1.3m (£1.1m) and, after transfers to capital reserve of £2.0m (£0.8m), retained profit was £2.5m (£2.7m). The CCA accounts show profit before tax of £3.2m (£3.2m) and attributable profit at £7.1m (£3.8m).

No profit forecast is given for the current year but the chairman says the company has the essential ingredients for continued growth and success.

Wilson is being reorganised and the sale of part of the Hayes factory is expected to realise £1.5m. "The benefits of integrating Wilson into the group should begin to flow

through in the current year."

Dealings in the new shares in the rights issue are expected to begin in all paid form on May 28 and the final date for acceptances is June 12. The directors, certain members of their families and trustees of their family trusts are subscribing for their entitlements amounting to 893,707 shares and the balance has been underwritten by County Bank Brokers to the issue are Sprague Kemp-Gee.

comment

The profit setback at Fine Art Developments is due to the much higher share price. Sales, excluding Wilson, are up 12 per cent by value and marginally by volume, while trading profit is up 2 per cent. Net short term borrowings have

doubled to about £8m in the past two years of vigorous expansion but the rights issue plus the proceeds of the Hayes factory sale will substantially eliminate this burden. Wilson should contribute at least £1m this year compared with only £150,000 in 1980-81 after significant rationalisation. In short, the group should get back on its growth course quickly although the crucial Christmas trade of cards and gifts will not show up until the second half. Perhaps more than £7m is in sight for the full year. The shares eased 41p to 64p yesterday when the rights yield on the forecast dividend is about 7 per cent. The prospective ex-rights fully taxed p/e on the average issued capital would be about 10 times.

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Redfean £1.6m in the red and expects full year loss

AS FORECAST in the last annual statement, Redfean National Glass has sustained significant losses in the half year to March 29 1981 with a deficit at the pre-tax level of £1.6m, compared with a profit of £184,000.

The full year is also likely to show a loss. Mr. John Pratt, chairman of the glass and plastic container maker, says that although the second half is expected to be considerably better, a marked improvement in trading conditions—it will be inadequate to make up the ground lost so far.

The net interim dividend is being cut from 5.25p to 3p—last year's total dividend from taxable profits of £1.79m.

Net loss for the year, after tax charges of £78,000 (£137,000) representing ACT written off, was £1.69m against a profit of £247,000. The interim dividend absorbed £1.1m (£1.07m) (£230,458). The loss per share is shown as 37.38p (0.71p earnings).

Sales edged ahead from £28.61m to £29.73m, but there was a small decline in volumes.

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Redfean's interim figures show the delayed impact of the de-stocking which its customers were pushing through last summer. In August, Redfean found itself with enough finished

containers to supply normal demand for about 12 weeks. The depressed trading conditions involving a continued reduced level of production; cost increases which could not be covered by price rises; redundancy costs and a planned furnace repair.

Trading losses amounted to £556,000 (£1.34m profit) after depreciation and furnace renewal expenditure of £1.62m (£1.53m).

The pre-tax deficit was also struck after redundancy costs of £409,000 (£553,000), representing the final cost of last year's job-cutting programme, and net interest charges of £845,000 (£801,000).

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Geers Gross rises and asks for £1m

HIGHER UK earnings led to a 37 per cent rise in taxable profits at Geers Gross, one of two publicly quoted advertising agencies. The company reports a pre-tax profit of £1.93m for the year to December 31, against £537,000. Group turnover rose 27 per cent to £46.3m, compared with £36.4m.

The company is also making a £1m call by way of a rights issue of 1,187,119 ordinary shares of 10p each at 90p per share on the basis of one new share for every six shares held by shareholders on the register as at June 11, 1981.

Mr. Charles Hoare, the chairman, said yesterday: "We are raising the money to pay off our balance sheet borrowings on our Manoff acquisition and the whole of our Landay acquisition borrowings." Both of these were medium-term loans for U.S. acquisitions; they amount to £888,000, of which £420,000 is in sterling.

Around £150,000 will be left over after Geers has repaid its medium-term loans, said Mr. Hoare. This would be used for working capital and expansion of the business.

comment

Geers Gross appears to be making the most of a good set of figures to help rid itself of just under £900,000 of medium term borrowings. The rights issue is light and is unlikely to lead to any major acquisitions. After having acquired a couple of New York agencies in the past 18 months, the group spent the second half of last year digesting and amalgamating. Geers says the recession actually benefited UK profits, which accounted for £500,000 of the 1980 pre-tax total. The rights yield is a little above 6 per cent and the fully taxed p/e is 11.2 at 110p, suggesting that the market is aiming for continued growth.

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A new mix for Luxembourg banks

John Makinson reports on the search for different profit centres

THE PAST two years have tested the mettle of those Luxembourg banks with a heavy involvement in the Euro-bond and syndicated credit markets. The steady erosion of spreads on international lending has squeezed their interest margins, while the steep rise in interest rates has forced them to make hefty write-downs in the value of bond portfolios.

The response of the banks has been to limit their Euro-market exposure and to try to develop new profit centres elsewhere. In particular, they have strengthened their investment banking activities in the hope of generating more commission income to offset the tighter interest margins.

Some banks have been pushed part of the way down this road by the strong increase in deposits placed by private customers. Banque Internationale a Luxembourg, one of the Grand Duchy's largest banks, reported that deposits by customers other than banks increased by 35 per cent last year, compared with an overall balance sheet growth of 27 per cent. This has not altered the fact that the main source of funds for many Luxembourg banks has usually been the large volume of deposits placed with them by other banks.

Private deposits can of course be used to refinance loan business. Yet the banks are finding that lending to good risk borrowers is not generating sufficient profits, and many thus prefer to manage funds on a fiduciary basis. The business is more remunerative and, as one banker shrewdly observed: "It's

someone else's risk."

At Bank of America International, private deposits have been growing strongly. Mr. Patrick Cunningham, the bank's general manager, says that all depositors are viewed as potential portfolio management clients. At present only about 5 per cent of non-bank deposits are actively managed, with the bank advising on a further 10 per cent.

Luxembourg is still a long way behind either London or Zurich as a portfolio management centre, and even the Grand Duchy's greatest optimists do not envisage that it will ever rival either centre.

The country is close enough to Switzerland for seepings to ask why anyone should bring their funds to Luxembourg rather than to Zurich. Some local bankers are apt to cite the quality of the cooking, the friendliness of the people and the individual attention shown to clients as points in Luxembourg's favour. Yet with even the Swiss banks now active in Luxembourg, the truth clearly goes rather deeper.

Herr Reinhard Schmoelz, managing director of Credit Suisse (Luxembourg), says that many rich individuals are seeking wider geographical distribution for the management of their funds. Legislation is currently being enacted in Luxembourg which will vest the liability side of bank balance sheets with the same degree of

secrecy as is the case in Switzerland.

Many investors believe, with some justice, that Luxembourg is less likely to impose at a stroke the type of capital controls and punitive negative interest rates which characterised Switzerland's currency management policies in the 1970s.

The new bank secrecy law illustrates how the Luxembourg authorities, dependent on the banks for tax revenue and employment, will do what they can to assist investment banking. The Government's refusal to levy VAT on residents' gold transactions (effectively subsidising them) has led to a wrangle with the European Commission in Brussels.

Portfolio management services in Luxembourg are generally cheaper than in London or Zurich, principally because operating costs such as staff salaries and rents are on average lower. Banque Internationale a Luxembourg, which has probably been active in this field longer than any other Luxembourg bank, charges a commission of 3 per cent on funds of up to LuxFr 5m (\$130,000) falling to 1 per cent on portfolios over LuxFr 20m.

The range of services on offer varies from bank to bank. BIL will invest in anything from equities and bonds to gold and commodities but Bank of America does no commodities business. Credit Suisse concentrates on the management of

fixed income securities and Herr Schmoelz says that there is a particular interest in currency plays.

Some West German and French banks are also active in the field and in all cases, the broad investment strategy will be decided by the parent bank outside Luxembourg. BIL is an independent bank but still uses the research facilities of a major shareholder, Banque Bruxelles-Lambert.

The greatest challenge now facing the Luxembourg banks in portfolio management is to diversify the sources of their funds. With the exception of some holding companies registered in the Grand Duchy, their clients are overwhelmingly wealthy European individuals.

The Belgians have traditionally close ties with Luxembourg and cross the border in droves to avoid local withholding taxes. There is no tax retention at source in Luxembourg and bankers never inquire into the tax position of clients in their country of residence.

The common border with France has also resulted in an inflow of funds from what the Americans term "high net worth individuals" concerned about the policies a socialist Government might follow. The election of M. Mitterrand should keep the Luxembourg banks busy for the moment, but over the next few years the test will be whether they can attract funds from members of the Organisation of Petroleum Exporting Countries and from U.S. pension funds. As one banker put it: "We're happy with the Belgian dentists but we need a few Arab sheikhs."

Vallourec plunges into the red

By Terry Dodsworth in Paris

THE DEPRESSION in the European construction and motor industries last year undermined the performance of Vallourec, the French steel tubes company, leading to a loss of FFr 63.4m (\$11.5m). In 1979 there was a net profit of FFr 1.6m.

Vallourec said that it had been particularly hard hit in its small welded tubes business, where

low-price imports eroded margins in an industry already suffering from considerable overcapacity.

On the other hand, the company says that the energy industry began to pick up again last year with strong demand for products used in oil and gas research and development. This trend has strengthened during the last few months, with a

positive effect on performance. The impact of the fierce competition in the tubes market last year is illustrated by the 23 per cent rise in turnover achieved by the group in running up its heavy losses. Consolidated sales amounted to FFr 11.5bn against FFr 9.4bn in 1979, while cash flow increased by FFr 101m to FFr 261m. Depreciation accounted for FFr 437m.

Neckermann losses more than doubled

By Our Financial Staff

NECKERMANN, the West German mail order and travel group, plunged deeper into loss last year and Herr Werner Piotrowski, a member of the managing board, said that a further loss was expected this year. The loss sustained was DM 70m (\$30.32m) compared with the DM 28m loss in 1979.

Herr Piotrowski said that company results have been dragged down by the tourism subsidiary, N-U-R, as well as by support measures for affiliates in France and the Netherlands.

Karstadt, the largest department store group in West Germany, now controls about 80 per cent of Neckermann.

Of Neckermann's 1980 losses, DM 42m was incurred in the tourist sector, Herr Piotrowski said.

The parent company's losses totalled only DM 15m last year after DM 48m in 1979. Neckermann plans to halve its capital and to raise nearly DM 60m by restoring the nominal equity to DM 137.4m with a one-for-one share issue at a price of DM 100 per nominal DM 50 share.

Neckermann increased turnover in 1980 by nearly 5 per cent to DM 1.7bn and N-U-R's turnover was up nearly 2 per cent to DM 1.2bn. Group turnover rose to DM 2.98bn from DM 2.86bn.

Earnings rise at Varta

By Our Financial Staff

VARTA, THE West German maker of automotive and industrial batteries, expects satisfactory earnings in 1981 after 1980 group earnings rose to DM 29.7m (\$12.9m) from DM 24.45m in 1980. An unchanged dividend of DM 6 per DM 50 nominal share is declared for 1980, and management forecasts for 1981 are seen as an indication that the dividend will be maintained.

Varta also reported that worldwide sales of the battery-maker rose 3 per cent in the first four months of 1981, compared with the same period last year. Sales for the whole of 1980 totalled DM 1.53bn, up 11 per cent from 1979.

Creusot-Loire in U.S. venture

By Our Paris Staff

A JOINT Franco-American hydraulic turbine manufacturing company is being set up in the U.S. by Creusot-Loire, the French engineering group, and Combustion Engineering, the American electrical engineering and energy group.

The deal is basically a marriage of the technology of Creusot-Loire's Neyrpic subsidiary with the manufacturing know-how and sales network of Combustion Engineering in the U.S. Like many French companies aiming to expand in North America, Creusot-Loire clearly believes that it will be easier with the support of a leading American group.

Deutsche Shell spending plans

By Jonathan Carr in Bonn

DEUTSCHE SHELL plans total investment to 1985 of around DM 5bn, mostly to restructure and cut its continuing heavy losses in the mineral oil sector. About DM 2bn will go to adapt refinery capacity to match dwindling demand for heating oil and to boost product supplies to the chemical industry.

A further DM 600m will be spent on oil and gas exploration at home and abroad—after exploration investment of DM 130m last year and DM 85m in 1979.

The company, a wholly owned subsidiary of Royal Dutch Shell, also confirmed that its net profits fell last year by 7 per cent to DM 246m, with total sales of oil products falling by 17 per cent to 16.6m tonnes.

The increase in the crude oil price and the fall of the D-Mark against the dollar meant that a loss of DM 50 was sustained on every tonne of oil products sold in the first quarter of this year. No early improvement is expected.

ACI boosts profits as turnover tops A\$1bn

By Our Sydney Correspondent

AUSTRALIAN Consolidated Industries (ACI), the diversified glass, plastics and packaging group, raised sales above the billion dollar mark for the first time, and returned an 11 per cent profit increase during the year to March 31.

Earnings rose from A\$40.7m to A\$45.1m (US\$31.4m). Despite the earnings improvement ACI has, however, broken its five-year long run of increasing dividends, and has halved the payout at last year's level of 7.5 cents a share for the final half and 15 cents for the full year.

ACI group sales were 10.3 per cent up, from A\$907.7m to just over A\$1bn (US\$1.1bn), and with the addition of Acmil, the building and industrial supplies group which was the subject of an A\$240m takeover earlier this year, will in the coming year be even higher.

Earnings a share were down from 32.4 cents to 29.9 cents, because of the dilution result-

ing from the one-for-five issue made last May.

ACI profits before tax and minorities was up from A\$72.05m to A\$77.05m. Tax was A\$19.9m against A\$14.9m previously, and minorities were A\$12.1m, compared with A\$16.5m.

The prima facie tax payable for 1980-81 was lowered by recoveries of tax of A\$6.5m, investment allowances of A\$4.1m, and New Zealand export incentives totalling A\$5.4m.

An additional A\$20.5m in extraordinary items, which netted A\$17.8m after minorities, boosted the net operating profit to A\$62.9m from A\$40.7m.

The extraordinary items included A\$9.8m from the sale of investment, A\$4.7m from the sale of ACI's share in ACI-Sloane and ACI-Nylex, A\$6.9m from property sales in Singapore and a reduction of A\$1.5m from goodwill write-offs.

This announcement appears as a matter of record only.

April 1981

Arawak Cement Company Limited

US\$20,000,000
Medium Term Loan Facility

Severally Guaranteed by

The Government of Barbados **The Government of Trinidad and Tobago**

Arranged by
Orion Bank Limited

Managed by

The Bank of Nova Scotia International Limited
Barbados National Bank
Morgan Guaranty Trust Company of New York
National Commercial Bank of Trinidad and Tobago Ltd.
Orion Bank Limited
The Royal Bank of Canada (London) Limited

Agent Bank
Orion Bank Limited

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SAINT-GOBAIN-PONT-A-MOUSSON

1981 News Bulletin No 2
Notice of General Meetings

Notice is hereby given that the Annual General Meeting of Compagnie de Saint-Gobain-Pont-a-Mousson will be held on Monday, June 15, 1981, at 10.00am in the Centre International de Paris, Palais des Congrès, Porte Maillot, 75017 Paris, for the following purposes:

Shareholders will be asked to receive the Directors' Report and approve the holding company's financial statements and auditors' report for 1980, including retained earnings and net income for 1980, the meeting must decide on the appropriation of FF789.3 million. The meeting will be asked to approve the following:

- distribution to shareholders of dividends of FF422.7 million;
- appropriation of the remainder, which will amount to FF355.5 million, to retained earnings.

This dividend, which is applicable to coupon No. 39, will be payable from July 7, 1981, on 34,650,000 shares. The net dividend proposed will thus amount to FF12.20 per share, which, including a tax credit of FF6.10 for those entitled to it, corresponds to a total revenue of FF18.30 per share.

Shareholders will be asked to approve a resolution which provides for the transfer of FF2.6 million from the "special longterm capital gains reserve" to "other reserves", being the surplus tentative appropriation to said special reserve in reference to the 1979 fiscal year. Shareholders will also be asked to approve a maximum transfer of FF1.9 million from "other reserves" to the "special longterm capital gains reserve" in reference to the 1980 fiscal year, as mentioned in the Board's Report, and finally to approve the new reserve amounts resulting from those transfers.

After taking cognizance of the special auditors' report, shareholders will be asked to approve agreements described therein and operations handled or executed during the year, according to the report.

Shareholders will further be asked to re-elect Mr. Gilbert Cousin to the Board for a term which shall expire with the meeting which receives the accounts for 1980, and to re-elect Mr. Dominique de Grèges to the Board for a term ending with the meeting which receives the accounts for 1982.

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Shareholders wishing to attend the meetings or to be represented there must deposit their shares at least five days before the date of the meetings at the Company's transfer office (62 boulevard Victor Hugo, 92209 Neuilly-sur-Seine, France; telephone (1) 637 10 00; telex 613 130), or with a bank or a brokerage house and request an admission card. Shareholders in the United Kingdom may deposit their shares with Baring Brothers & Co., Limited, 88 Leadenhall Street, London EC3A 3DP.

SAINT-GOBAIN-PONT-A-MOUSSON

For further information, write to: The Director of External Relations, Compagnie de Saint-Gobain-Pont-a-Mousson, 62 boulevard Victor Hugo, 92209 Neuilly-sur-Seine Cedex.

البنك السعودي العالمي المحدود
Saudi International Bank
AL-BANK AL-SAUDI AL-ALAMI LIMITED

Extract from Consolidated Accounts at 31 December 1980

	1980 £'000	1979 £'000
Shareholders' Funds	55,676	41,638
Deposit Liabilities	1,135,035	721,552
Loans	325,259	221,956
Total assets	1,228,220	785,234
Operating Profit before taxation and provision for possible loan losses	9,455	6,083
Profit attributable to shareholders	3,291	2,393
Proposed Dividend	1,250	798

Board of Directors

H.E. Sheikh Mohammed Abalkhail,
Chairman,
Minister of Finance and National Economy of the Kingdom of Saudi Arabia

Dr. Andreas R. Frindl,
Executive Director and Chief Executive Officer

H.E. Sheikh Khalid M. Algasabi,
Retired Vice-Governor of the Saudi Arabian Monetary Agency

Dr. Mahsoun B. Jalal,
Chairman of the Saudi Investment Banking Corporation

H.E. Sheikh Abdul Rahman Al-Sheikh,
Chairman, OPEC Fund

Deputy-Chairman and Managing Director of the Riyad Bank Limited
The Rt. Hon. Lord O'Brien of Lothbury, G.B.E., P.C.,
Retired Governor of the Bank of England

Walter H. Page,
Retired Chairman of Morgan Guaranty Trust Company of New York

The Viscount Sandon, T.D.,
Deputy Chairman of National Westminster Bank Limited

Shareholders

Saudi Arabian Monetary Agency, Riyad Bank, National Commercial Bank (Saudi Arabia),
Morgan Guaranty Trust Company of New York, The Bank of Tokyo, Banque Nationale de Paris,
Deutsche Bank A.G., National Westminster Bank and Union Bank of Switzerland.

Copies of the Report and Accounts for the year ended 31 December 1980
can be obtained from: The Secretary, Saudi International Bank, 99 Bishopsgate, London EC2M 3TB. Telephone: (01) 638 2323.

ANVIL PETROLEUM LIMITED

Notice is hereby given of the appointment of Lloyds Bank Limited as Registrar

All documents for registration and correspondence should in future be sent to the address below.

D. G. PEARCE
SECRETARY



Lloyds Bank Limited,
Registrars Department,
Goring-by-Sea,
Worthing, West Sussex BN12 6DA.
Telephone: Worthing 502541
(STD code 0903)

Lloyds Bank Limited



Creditanstalt

Creditanstalt-Bankverein

U.S. \$40,000,000

Floating Rate Notes 1984

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from

21st May, 1981 to 23rd November, 1981 the Notes will carry an interest rate of 18 1/2% per annum. On 23rd November, 1981 interest of U.S. \$93.65 will be due per U.S. \$1,000 Note for Coupon No. 9.

European Banking Company Limited
(Agent Bank)

21st May, 1981

Companies
and Markets

INTERNATIONAL COMPANIES and FINANCE

Overseas expansion costs cause downturn at Ricoh

BY YOKO SHIBATA IN TOKYO

RICOH COMPANY, the Japanese manufacturer of copiers and other office automation equipment suffered a setback in earnings in the year ended March 31. The downturn was the first in six years and was blamed on a higher depreciation burden, resulting from investments in electronics and in the establishment of direct sales channels abroad to counter unfavourable marketing in the original equipment manufacturing (OEM) field.

The company expects, however, to return to profit growth in the current year with a consolidated sales channels abroad and lower depreciation costs.

Ricoh's operating profits declined by 8.4 per cent to ¥30.13bn (\$91m). Net profits were ¥11.01bn, down 7 per cent, on sales of ¥253.4bn (\$1.1bn), up 13 per cent. Per share profits were ¥40.63, compared with ¥46.74.

Sales of copiers, the company's main product, increased by 12.3 per cent, to account for 63 per cent of the total. Export

growth was only 10.9 per cent compared with 13.1 per cent in domestic sales.

Limited export growth is attributed to unfavourable OEM marketing agreements in the U.S., Canada and parts of Europe. To counteract this disadvantage, the company has formed two direct sales channels to market dry-type copiers under the Ricoh brand name in Europe from January and in the U.S. from April this year. The forming of its own sales networks was partly responsible for a higher depreciation burden.

Facsimile equipment sales gained 16.4 per cent to account for 21.3 per cent of the total, with 12.2 per cent growth seen in domestic sales and an 80.8 per cent gain in exports. Camera sales declined by 13.9 per cent to account for 4.3 per cent of the total as a result of a 42.8 per cent fall in domestic turnover.

Ricoh has carried out a substantial capital investment programme in recent years for the construction of super large

scale integrated circuit manufacturing plant, which was completed in December 1980 and copier manufacturing plant in Fukuoka, which is expected to be completed at the end of this year. Depreciation costs generated from the outlay of ¥18bn in 1978-79 and ¥19bn in fiscal 1979-80 peaked out in 1980-81 at ¥6.8bn, an increase of only ¥1.8bn from the previous year.

The company expects much heavier competition at home in the current year in copiers, word processors and facsimile machines. However, with the full-scale export of copiers through its own sales networks and the introduction of new products with the company's own advanced technology, it forecasts a 9.3 per cent rise in operating profits to ¥22bn. Net profits are projected at ¥11bn, down 0.1 per cent, on sales of ¥285bn, up 12.5 per cent.

Capital spending in the current year will be increased to ¥20bn, which will mainly be financed from a 30,000 new share issue in June.

Slow headway at Kyoto Ceramic

BY OUR TOKYO CORRESPONDENT

KYOTO CERAMIC, a manufacturer of ceramic products for the electronics industry, reported an 11 per cent increase in net profits to ¥13.36bn (\$60m) for the year ended March, against a background of weakened demand for integrated circuit (IC) packages from Japanese and U.S. semiconductor manufacturers. In 1979-80 net profits rose 79.3 per cent to ¥12.04bn.

Operating profits were just 0.3 per cent higher at ¥24.46bn, despite a 22.8 per cent rise in sales to ¥100.7bn (\$455m). Last year operating profits rose 80

per cent. Profits per share slipped back to ¥175.83, from ¥200.59. The dividend has been raised from ¥26.75 to ¥30 per share.

Reflecting a slump in domestic and U.S. orders for integrated circuits, particularly in the second half, sales growth in the IC division was limited to 16 per cent. Sales of electronics parts gained by 37.5 per cent to account for 14.1 per cent of the total, as a result of firm demand in both home and overseas markets.

Sales of ceramics for the industrial machinery and elec-

tronics industries rose by 25.8 per cent to account for 15.1 per cent of the total.

The company expects to see continued recession in the U.S. and inflation at home in the current year. The company will emphasise its diversification into the life-science, fashion, and alternative energy industries, and others using fine ceramics.

Operating profits for 1981-82 are estimated at ¥28.3bn, up 15.7 per cent, net profits at ¥13.6bn, up 18 per cent, and sales at ¥112.3bn, up 11.9 per cent.

Diamond unit trust venture in Singapore

By George Lee in Singapore

OVERSEAS UNION BANK (OUB), one of the big four Singapore banks, and Banque Bruxelles Lambert of Belgium (BBL) have set up a company to launch Asia's first unit trust investing in diamonds.

The joint venture, Diamond Management Singapore, is owned equally by OUB and BBL and will manage the fund, to be known as Diamond Singapore Fund.

The fund, which will be launched tomorrow will operate as an open-end fund investing in top quality flawless diamonds certified by the Gemological Institute of America (GIA) or Hong Kong's Hong Kong Diamond (HRD) and High Council of Antwerp.

All diamonds purchased are to be examined by Mr. Maurice Schamisso of Antwerp and Mr. Serge Pradkoff of Geneva. The fund also has appointed Kragu of Paris as investment adviser.

The units of the fund will be denominated in U.S. dollars, and the initial issue will be by way of an offer of units at a price of U.S.\$1 per unit. This price will prevail until June 30. After the initial offer period, issue and realisation prices of units will be quoted on all business days at the office of the company. OUB branches in Singapore, the Singapore branch of BBL, and Diamond Investments, a diamond dealing company.

The chairman of Diamond Singapore is Mr. Lee Hee Sen, who is also the managing director of OUB.

BBL was instrumental in the establishment in 1978 of Diamond Capital, set up as the world's first company specialising in investment in high quality diamonds. Diamond Capital had assets totalling U.S.\$65.4m at the end of last year.

Major Swiss banks support SSIH rescue programme

BY JOHN WICKS IN BIENNE

THE SHARE CAPITAL of Société Suisse Pour l'Industrie Horlogère (SSIH), Switzerland's second largest watch company, "must be regarded as lost," says a letter to shareholders, which puts consolidated losses for 1980 at SwFr 161.6m (\$78.8m) after a fall of 7.4 per cent in group turnover to SwFr 613.6m (\$299.3m).

At March 31, 1981, carried-over balance sheet losses amounted to SwFr 142.4m compared with capital resources (share capital plus reserves) of SwFr 115m.

At a press conference in Bienne yesterday, the company confirmed previous reports that support totalling SwFr 300m will be needed to put SSIH back on its feet.

The country's four major commercial banks, plus the cantonal banks of Berne and Neuchâtel, have announced their readiness to take part in a corresponding funding programme as long as other creditors in the field of banking and finance are prepared to contribute by dropping claims on the company. Suppliers to SSIH, many of them small businesses, will not be called on to make a contribution of this kind.

Dr. Peter Gross, general manager of Union Bank of Switzerland, said that the group of six banks demands complete solidarity on the part of all creditors who had granted loans to SSIH. If this could not be achieved, the funding plan would not go through, he said.

Agreement has already been received from most of the creditors, with various options being offered as to the way in which their support could be granted. Negotiations are to be held with four creditors who have initially refused to forgo claims on the company.

The funding programme would be divided into three parts, said Dr. Gross, each of them yielding about SwFr 100m. The specific measures include: debt write-offs on the part of the banks and other financial creditors, conversion of debt into new capital, continuation of credit facilities and the granting of new loans by the banks.

The capital transaction would involve writing down the present share capital of SwFr 69m to 5 per cent of its present value—SwFr 3.45m—and its subsequent increase to SwFr 100m by the issue of registered shares. A comprehensive reorganisation plan is foreseen for the company itself. The Board will comprise seven members, three of them bankers, restructuring measures are planned for research, production, sales and administration, with an overall cutting of operational costs and a concentration of efforts on the Omega and Tissot brands.

In this connection, the company has already disposed of certain loss-making operations in low-price watches, as well as carrying out the large-scale stock depreciation scheme last year, which accounted for SwFr 65.9m of the annual loss.

Schindler sees profit increase as orders rise

BY OUR FINANCIAL STAFF

SCHINDLER, the Swiss engineering group which specialises in lifts, is optimistic about sales and profits in 1981. Herr Zeno Schindler, chief executive of the parent company, Schindler Holdings, said yesterday. In the first quarter of 1981 the inflow of orders rose by 59 per cent to SwFr 1.58bn (\$770m) from SwFr 1.32bn last year, and should continue to rise, he said. Profit margins were also expected to be higher this year.

Group net profit rose to SwFr 22.3m (\$10.85m) in 1980, after a decline in 1979 to SwFr 14.6m from SwFr 21.3m the year before. Despite last year's increase, group cash flow reached only 4.4 per cent of billed sales, below the company's target of 6 to 8 per cent. Consolidated

net profit was only 1.5 per cent of turnover, Herr Schindler said.

This had resulted mainly from losses of the Swiss companies, which accounted for 30 per cent of combined sales. Most foreign subsidiaries had worked profitably in 1980, with Schindler's newly restructured French subsidiary and its German company contributing significantly to group earnings.

As announced earlier, parent company net profits rose to SwFr 12.9m from SwFr 11.8m last year. Dividends will be changed at SwFr 12 and SwFr 60 respectively, for registered and bearer shares, and at SwFr 12 for each participation certificate.

Citicorp takes quarterlies into Australia

By Colin Chapman in Sydney

CITICORP AUSTRALIA, a subsidiary of Citibank of New York, broke new ground yesterday by becoming the first Australian company to publish quarterly results. Citicorp, which said it was planning to do this regularly in the interest of a better informed investing public, showed a net profit for the first three months of

A\$5.1m (U.S.\$5.8m), compared with a A\$4.4m for the same period in 1980, and a profit of A\$11.2m for the whole of 1980.

Shionogi expects sharp fall

TOKYO—Shionogi and Company, the Japanese manufacturer of pharmaceutical products, reported a 0.9 per cent rise in unconsolidated net earnings to ¥8.04bn (\$36m) for the fiscal year to March, but the company is anticipating a sharp profit decline in the current year chiefly due to the Government's decision to slash the prices of drugs handled under its welfare programme.

In the current year, Shionogi is expecting a 20.1 per cent earnings drop, to ¥5.7bn on sales of about ¥149bn.

In the domestic market, however, antibiotics and some other products helped the company post a moderate sales increase.

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All of these Securities have been sold. This announcement appears as a matter of record only.

New Issue / May, 1981

\$100,000,000

Republic of Venezuela

The Notes are unconditional, direct and general obligations of Venezuela for the payment and performance of which the full faith and credit of Venezuela is pledged.

15 1/2% Notes Due 1986

Salomon Brothers

The First Boston Corporation

Merrill Lynch White Weld Capital Markets Group

Merrill Lynch, Pierce, Fenner & Smith Incorporated

Goldman, Sachs & Co.

Morgan Stanley & Co.

Incorporated

Bache Halsey Stuart Shields

Incorporated

Basle Securities Corporation

Blyth Eastman Paine Webber

Incorporated

Dillon, Read & Co. Inc.

Atlantic Capital Corporation

Bear, Stearns & Co.

Donaldson, Lufkin & Jenrette

Securities Corporation

Drexel Burnham Lambert

Incorporated

E. F. Hutton & Company Inc.

Kidder, Peabody & Co.

Incorporated

Lazard Frères & Co.

Lehman Brothers Kuhn Loeb

Incorporated

L. F. Rothschild, Unterberg, Towbin

Shearson Loeb Rhoades Inc.

Smith Barney, Harris Upham & Co.

Incorporated

UBS Securities Inc.

Warburg Paribas Becker

A. G. Becker

Wertheim & Co., Inc.

Dean Witter Reynolds Inc.

Arnhold and S. Bleichroeder, Inc.

Alex. Brown & Sons

Daiwa Securities America Inc.

A. G. Edwards & Sons, Inc.

EuroPartners Securities Corporation

Robert Fleming

Hudson Securities, Inc.

Kleinwort, Benson

Ladenburg, Thalmann & Co. Inc.

Moseley, Hallgarten, Estabrook & Weeden Inc.

New Court Securities Corporation

The Nikko Securities Co.

International, Inc.

Nomura Securities International, Inc.

Oppenheimer & Co., Inc.

Wm. E. Pollock & Co., Inc.

Thomson McKinnon Securities Inc.

Tucker, Anthony & R. L. Day, Inc.

Wood Gundy Incorporated

Yamaichi International (America), Inc.

New Japan Securities International Inc.

Nippon Kangyo Kakumaru International, Inc.

Sanyo Securities America Inc.

Ultrafin International Corporation

Algemene Bank Nederland N.V.

Bank of Tokyo International

Banque Nationale de Paris

County Bank

IBJ International

LTCB International

Nippon Credit International (HK) Ltd.

Orion Bank

J. Henry Schroder Wagg & Co.

Société Générale de Banque S.A.

Westdeutsche Landesbank

Girozentrale

DOBSON PARK INDUSTRIES LIMITED

has acquired

MARATHON COAL BIT COMPANY, INC.
STEPHENS-KELLER MACHINE COMPANY
WEST VIRGINIA MINE SERVICE, INC.

We initiated this transaction and assisted in the negotiations

DENNEY & COMPANY INCORPORATED

Pittsburgh

Geneva

King Fifth Wheel Company

has been acquired by

Tube Investments Limited

The undersigned acted as financial adviser to King Fifth Wheel Company in this transaction.

WM SWORD & CO
INCORPORATED

May 18, 1981

U.S. \$50,000,000
Midland International
Financial Services B.V.
(Incorporated with limited liability in the Netherlands)
Guaranteed Floating
Rate Notes 1987
Guaranteed on a subordinated
basis as to payment of principal
and interest by



Midland Bank Limited

For the six months from 21st May, 1981 to 23rd November, 1981 the notes will carry an interest rate of 18 1/2% per annum. On 23rd November, 1981 interest of U.S.\$4.29 will be due per U.S.\$1,000 note for coupon No. 8.

Agent Bank: Morgan Guaranty Trust Company of New York

Kingdom of Sweden

U.S. \$110,000,000 Floating Rate

Notes Due November 1988

For the six months May 20th 1981 to November 20th 1981 the Notes will carry an interest rate of 18 1/2% per annum with a Coupon Amount of U.S.\$9,359.72.

Barclays Trust Company, London

Trust Agent

FUQUA INDUSTRIES, INC.

Control of the Fuqua Industries, Inc. 1980 Annual Report and Financial Statements as at December 1980 are available at:

Chemical Bank, Chemical Bank House, 125 Street, London WC2R 1ET.

TELEFONAKTIEBOLAGET

L. M. ERICSSON

(L. M. Ericsson Telephone Company)

The Annual General Meeting of the Company will be held at the Stockholm Fair Building, Messingsgatan 1, Stockholm, Sweden, on Wednesday, 2nd June, 1981, and not at stated day, 3rd June, 1981, and not at stated place, 19th, edition of the Financial Times.

Companies and Markets **INTERNATIONAL COMPANIES and FINANCE**

Michael Thompson-Noel, recently in Toronto, examines a decade of retrenchment, restructuring and ultimate revival at one of Canada's leading companies

George Weston finds the right diet

STILL A youthful 42, there is nothing in the appearance or demeanour of Galen Weston, son of Garfield and chairman of Canada's George Weston Ltd., to suggest he has been immersed in the struggles of the food business since the tender age of 10; nor that he has spent the last ten years engineering one of the toughest turnarounds in Canadian business history.

His looks are boyish, his energy undiminished. Yet since 1971, he has transformed the fortunes of the Weston-Loblaws empire with a regime of feverish bloodletting and ruthless amputation.

His work with the scalpel has paid off substantially. In 1980, George Weston, of which he is chairman and president, reported record sales and earnings for a third successive year. It is a broadly-based North American group, with sales in 1980 of C\$6.78bn (US\$3.65bn), 16 per cent up on 1979's C\$5.87bn and derived from food processing and distribution, and fisheries and forest products.

Net earnings were 9 per cent higher at C\$83.6m, while common dividends declared last year rose by 31 per cent to C\$1.36 a share. Shareholders' equity was put at C\$3.4m, and total assets at C\$1.76bn.

Last year, three of Weston's four divisions displayed a return on capital greater than the declared minimum target of 15 per cent—the exception

being fisheries (1980 sales: C\$2.7m), which in common with the rest of the North American fishing industry suffered traumatically last year. In turn, Loblaws Companies, at present 87 per cent-owned by Weston and which handles Weston's North American food distribution interests, reported sales last year 14 per cent higher at C\$5.38bn for net earnings of C\$46.2m, equal to C\$1.20 per common share.

Between 1974 and 1975, Loblaws was North America's sixth largest food distributor, with interests that by then included National Tea Company's 400 U.S. supermarkets; Kelly, Douglas, a large British Columbia-based food wholesaler; BC Packers, the largest fish canner in Canada; the Sayvett discount store chain—plus innumerable smaller processors, distributors and grocery chains.

By 1966, Weston owned 225 companies and subsidiaries in completely.

What followed was a decade of retrenchment and restructuring, that was probably unique, even by the blunt-nosed standards of markets as tough as those of Weston-Loblaws.

Entire businesses were axed. As heads rolled, the average age of a Loblaws store manager fell from 57 to less than 40. And Loblaws set out to reduce the number of its stores from 1,800 to 840, remodelling and redesigning those that were left so as to garner immediately greater profits.

Yet even four years ago, Loblaws was still struggling for its life. Despite reasonable sales increases, losses increased from C\$14.8m in 1972 to C\$49.8m in 1976, so that the decision was made to dispose of all remaining peripheral businesses.

It bit the bullet at National Tea, selling off 280 stores, including 140 in Chicago and others in California. It dispatched numerous businesses in Canada. It established Interserve, to coordinate all buying in Canada. And it spent heavily: a total of C\$116m worth of capital investment in its wholesale operations during 1977-80, and C\$27m worth of investment in its retail operations over the same four years.

At George Weston itself, net earnings for the first quarter of the current year were C\$17.8m, equivalent to C\$1.30 a share, compared with C\$14m or 97 cents a share for the first quarter last year.

Results, said the company, indicated satisfactory progress in food processing and distribution, and a recovery in fisheries, though earnings from forest products were down, reflecting soft U.S. markets for lumber products and fine paper.

This year and next, Weston will direct a major portion of its capital expenditure to E. B. Eddy, its forest products subsidiary, which markets pulp, fine paper, consumer and other specialty paper and wood products.

"We see great opportunities for growth in our natural resource holdings in Canada," says Mr. Weston, explaining that returns in pulp and paper continue to be excellent, and that the current restructuring of the British Columbia fishing industry should help resolve the present difficulties of what, historically, has been a good investment for the company.

George Weston Ltd. spent C\$150m net on acquisitions, including that of Loblaws Groceries, which as Loblaws Companies, spent a further C\$258m net. The grand plan: vertical integration on the greatest imaginable scale, so that Weston-owned bakery and food products would be made with ingredients from Weston-owned mills, packed in Weston-owned cartons and delivered to Weston-owned supermarkets by Weston-run wholesalers.

By the middle 1960s, Weston North America alone. Total revenues were C\$3bn. But it was lurching badly. Its affairs were unco-ordinated and cloaked in secrecy. Management was poor. And it suffered not only from a lack of focus, but was in danger of collapsing inwards under its own great weight. The group had outgrown its strength. By 1971, when Galen, the youngest of nine children, was asked by his father to go to Toronto, profits at Loblaws had plummeted to C\$18.6m—then disappeared

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Mr. Galen Weston: "Natural resources opportunities"

UNION MINIERE

Registered Office: rue de la Chancellerie 1, Brussels
Brussels registre du commerce nr 13.377

NOTICE to SHAREHOLDERS

Shareholders are invited to attend the annual General Meeting which will be held on Friday 29th May, 1981, at 10.30 a.m. in the Office of the "Société Générale de Belgique", 30 rue Royale, Brussels.

AGENDA

1. Reports by the Board of Directors, the Auditing Commission and the legal Auditor for the financial year 1980.
2. Approval of the annual accounts closed as of December 31, 1980; distribution of the profit.
3. Discharge to be granted to the Directors and Auditors.
4. Statutory appointments.

In order to be admitted to this Meeting owners of bearer shares must deposit their shares not later than Friday 22nd May, 1981, with anyone of the following banks.

- in Belgium: with "Société Générale de Banque" in Brussels or any of its other offices and agencies, with "Banque Belge (France)", 12, rue Volney, 75002-Paris.
- in France: with "Amsterdam-Rotterdam Bank" Herengracht 595, 1001 Amsterdam.

Owners of bearer shares will be admitted to the Meeting on producing a statement from one of the above banks mentioning the identity of the owner of the shares and certifying that the shares will remain deposited from 22nd to 29th May, 1981 included.

Owners of registered shares must advise the Company not later than Friday 22nd May, 1981, of their intention to attend the Meeting or to be represented.

Proxies, conferred according to article 30 of the Articles of Association, must be deposited not later than Friday 22nd May, 1981, at the Company's Registered Office, rue de la Chancellerie 1, Brussels.

Proxy forms are available to shareholders at the Company's Registered Office and also at the above-mentioned banks.

The Board of Directors

Bell & Howell wants British high technology

BELL & HOWELL, the Chicago-based manufacturer of business equipment and learning systems is actively looking for companies to buy in Britain.

Mr. D. Frey, chairman and president, disclosed in London this week that the company has held discussions with several private UK companies in the high technology instrumentation fields, which could be incorporated in the group's existing divisions. Bell would be likely to pay around \$10m for such an acquisition. Mr. Frey commented that his company has pursued a policy of purchasing high technology acquisitions

which, while not necessarily large in themselves, were leaders in their specific fields.

Instrumentation products, ranging from sensor devices for checking fuel performance in military vehicles to the monitoring of North Sea equipment, makes up some 20 per cent of Bell's overall business, with the major share still coming from business microimaging systems and micropublishing. ICI is a major UK customer for Bell's instrumentation products, produced by the Bell subsidiary in Basingstoke.

The company is also in the market for similar purchases in

Europe but the search is on a "more modest" scale. Mr. Frey, in the course of a visit to the group's European operations, a major contributor to international sales and which provide more than one quarter of group profits, said he regarded the UK as a major area of expansion for the company.

Mr. Frey did not disagree with forecasts by Wall Street analysts that earnings this year will be in the \$3.20 to \$3.40 a share range—compared with \$3.41 a share or \$19.2m from continuing operations in 1980; at the net level, last year's earnings benefited from a tax-

loss carryforward reflecting the closure in 1979 of the group's consumer photo products business, including its well-known line of cine cameras. But he warned that the overseas earnings content was vulnerable to currency translation factors.

The group has no plans to renew its share quotation in London which was allowed to lapse some years ago, nor will it seek a listing on any of the Continental bourses. "Something of an ego trip," was Mr. Frey's description of the rush by U.S. companies to list in Europe.

Future growth for Bell is likely to come from the expansion of its office equipment systems. Mr. Frey sees great potential in the company's micro fiche systems for mail handling, in particular, and also in systems for filing and retrieving office documents.

Over the past decade, earnings have made somewhat patchy progress from \$11m in 1970 to \$16.8m in 1979, with a peak of \$19.2m in 1973. A constant problem was the consumer photo side which suffered severe competition from the Japanese manufacturers throughout the period. Reserves of \$45m were set aside

for expected costs and losses when the consumer photo side was closed down in 1979.

Last year saw Bell actively pursuing its policy of expansion by acquisitions. In June, it bought the former Automated Systems division of Lear Siegler. In May, it purchased Sabre Products, a manufacturer of shipping, mailing and counting electronic weighing systems. Capital spending totalled about \$16m in 1980, compared with \$14.6m in the previous year.

Terry Byland

Weekly net asset value



Tokyo Pacific Holdings (Seaboard) N.V.

on January 1, 1980: U.S. \$48.39

on May 18th 1981: U.S. \$66.11

Listed on the Amsterdam Stock Exchange

Information: Pierson, Holding & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

VONTBEL EUROBOND INDICES

PRICE INDEX	12.5.81	19.5.81	AVERAGE YIELD	12.5.81	19.5.81
DM Bonds	95.56	98.31	DM Bonds	10.113	10.188
HFL Bonds & Notes	91.78	91.27	HFL Bonds & Notes	10.915	11.048
U.S. \$ Str. Bonds	82.30	81.98	U.S. \$ Str. Bonds	13.711	13.777
Can. Dollar Bonds	84.11	83.26	Can. Dollar Bonds	13.767	13.744

This announcement appears as a matter of record only.

3,000,000 Shares

Air Florida System, Inc.

Common Stock

Lehman Brothers Kuhn Loeb Incorporated

Bache Halsey Stuart Shields Incorporated	Bear, Stearns & Co. Securities Corporation	Blyth Eastman Paine Webber Incorporated
Dillon, Read & Co. Inc.	Donaldson, Lufkin & Jenrette	Drexel Burnham Lambert Incorporated
Goldman, Sachs & Co.	E. F. Hutton & Company Inc.	Kidder, Peabody & Co. Incorporated
Lazard Frères & Co.	Shearson Loeb Rhoades Inc.	Smith Barney, Harris Upham & Co. Incorporated
Warburg Paribas Becker A. G. Becker	Wertheim & Co., Inc.	Dean Witter Reynolds Inc.

Banque Générale du Luxembourg S.A.

Compagnie de Banque et d'Investissements (Underwriters) S.A.	Den norske Creditbank
Jardine Fleming & Company Limited	Samuel Montagu & Co. Limited
	J. Henry Schroder Wagg & Co. Limited

May 11, 1981



THE SAITAMA BANK, LTD.

Negotiable Floating Rate U.S. Dollar Certificates of Deposit
Maturity date 23rd November 1981

In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the six-month interest period from 21st May 1981 to 23rd November 1981 the Certificates will carry an Interest Rate of 18 1/2% per annum.

Agent Bank

Kleinwort, Benson Limited

U.S. \$10,000,000

The Industrial Bank of Japan, Limited
London



Floating Rate London-Dollar Negotiable
Certificates of Deposit due 25th May, 1984.

In accordance with the provisions of the Certificates, notice is hereby given that for the six month interest period from 21st May 1981 to 23rd November 1981, the Certificates will carry an Interest Rate of 18 1/2% per annum. The relevant Interest Payment Date will be 23rd November, 1981.

Credit Suisse First Boston Limited
Agent Bank

البنك السعودي البريطاني The Saudi British Bank

Balance Sheet as at 31 December 1980 (24 Safar 1401)

CAPITAL AND LIABILITIES	1980 Saudi Riyals	1979 Saudi Riyals	ASSETS	1980 Saudi Riyals	1979 Saudi Riyals
Shareholders' Funds			Cash Funds		
Share capital	300,000,000	100,000,000	Cash in hand	45,322,258	47,469,198
Money received for rights issue	—	63,369,190	Deposits with Saudi Arabian Monetary Agency		
Statutory reserve	35,867,858	12,265,663	Statutory	125,657,637	244,812,070
General reserve	31,250,000	12,500,000	Other	324,166,858	305,835,977
Retained earnings	3,324,520	1,316,731		495,146,753	598,117,245
	370,442,378	189,451,584			
Deposits			Due from banks		
Demand	1,597,637,233	1,504,670,165	Current accounts	227,807,907	325,138,276
Time	1,774,772,505	348,522,385	Deposit accounts	1,563,416,594	512,284,284
Other	166,162,955	170,593,807		1,791,224,501	837,422,560
	3,538,572,693	2,023,786,357	Loans and Advances	1,762,011,351	1,294,757,783
Due to banks			Premises and Equipment	124,372,042	74,930,750
Current Accounts	223,798,558	366,145,846	Investments	54,123,041	28,606,347
Deposit Accounts	69,241,453	229,723,072	Deferred Charges	4,762,416	4,796,006
	293,040,011	595,868,918	Other Assets	82,015,888	30,839,194
Other Liabilities			TOTAL ASSETS	4,313,655,992	2,869,469,885
Proposed dividend	48,000,000	15,000,000	Liabilities of Customers for Engagements		
Other liabilities	63,600,910	45,363,026	Engagements	1,878,611,237	1,584,830,985
	111,600,910	60,363,026		6,192,267,229	4,454,300,870
TOTAL CAPITAL AND LIABILITIES	4,313,655,992	2,869,469,885			
Engagements on behalf of customers	1,878,611,237	1,584,830,985			
	6,192,267,229	4,454,300,870			

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Capital Authorised and Fully Paid SAR 300,000,000

IRON TRADES INSURANCE GROUP RESULTS FOR 1980

	1980 £m	1979 £m
PREMIUM INCOME	65.3	63.4
INVESTMENT INCOME	18.7	15.3
UNDERWRITING RESULTS		
Association	(2.0)	0.3
Subsidiary Company	(1.8)	(0.3)
SURPLUS BEFORE TAXATION	14.9	15.3
Taxation	(7.8)	(6.9)
Bonus to Association policyholders	7.1	8.4
Bonus to Subsidiary Company	1.3	1.3
SURPLUS TO RESERVES	5.8	7.1
RESERVES AT 31st DECEMBER (after transfers)	41.1	29.8

UNDERWRITING RESULTS

Association

Traditionally as employers' liability insurance specialists the Iron Trades is closely involved with heavy industry in the United Kingdom which suffered a severe set-back in the downturn of the economy in 1980. This reflected in a reduction of premium income in the year which when combined with the increasing cost of claims produced a loss of £2 million.

Subsidiary Company

General business other than life insurance is undertaken by the wholly owned subsidiary company, Iron Trades Mutual Insurance Company Limited and expansion continued in 1980 particularly in private motor insurance. This growth came entirely from insurance brokers. The overall loss came substantially from poor marine and overseas results.

RESERVES

Investments continued to make their substantial contribution to the resources of the Group. The reserves now stand at £41.1 million and in addition there is a significant appreciation in the market values of the investment portfolio not reflected in this figure.

Copies of the report and accounts may be obtained from the Secretary, the Iron Trades Insurance Group, Iron Trades House, 21/24 Grosvenor Place, London SW1X 7JA.

Ready-to-wear manufacturers feel a chill

By Arthur Sandles

DURING last month's Pret-a-Porter fashion shows in Paris, it seemed that the only business to be in was the production of disco music. Throughout the vast halls of the Port de Versailles exhibition centre the thump-thump of disco rhythms thundered monotonously into the neon-lit air.

But behind the ear-to-ear smiles of the exhibitors, there was a cold fear that many may not be in business when next year's event comes around. The world of fashion is going through troubled times.

The figures are worrying enough. In the major markets business is declining in real terms — French ready-to-wear sales rose in cash value by 6.5 per cent last year, American (men's and women's) by around 7 per cent and British figures look like being much the same. In all cases this was against considerably higher basic inflation rates. In each case, too, imports have been soaring. In the U.S. they went from \$5.9bn to \$8.7bn and a similar rise is predicted for this year. Women's wear imports into France are thought to have risen by 14.4 per cent last year. In Britain the tale of factory closures, thanks to falling sales and competition with imports, is a familiar one. Some 100,000 UK textile and clothing jobs have been lost during the past 12 months.

The Pret-a-Porter in Paris is the hard-nosed end of the fashion world. The summer Couture shows allow the great names of the business to demonstrate their artistic flair, but the bread and butter of the market

is filling the racks of the department stores and high street boutiques. The Paris shows are closed to the public, but 150,000 trade visitors from around the world gather to see what is on offer and, the exhibitors hope, place orders for the autumn season.

The show is not confined to the French — although in true Gallic style foreign exhibitors find themselves a little out of the main run of things. There were nearly 60 British ready-to-wear and accessory manufacturers with stands but they had to make their case against 1,360 rivals from 39 countries. Hong Kong, eager to move out of the machine-shop end of the business and into fashion origination, took a whole hall of its own.

It did not take very long at the Pret-a-Porter to realise that the fashion world is not much different from any other. The real talk was about margins, delivery dates, quality and consumer appeal. As far as margins were concerned, things were getting tough. Fashion Forwarding, the P. & O. offshoot which does much of Britain's clothing export carriage, reckoned companies were being forced into one of two camps: "They either have to push the quality up so that no one else can touch them, or cut corners and fight on price."

Manufacturers complained bitterly about being priced out of markets by the high value of sterling. "Whatever you do you come up against the strength of sterling," said Laird Portch, maker of classic British clothing that is currently the rage in the boutiques of Nice and Los Angeles.

A company which in the past had done huge business in expensive ball gowns to Germany — wholesaling at between £150 and £200 — warned about what inflation plus an exchange rate of about DM 4.70 to the pound had done to its prices over the past year. It and other manufacturers, both British and others, were finding considerable buyer resistance against ordering large quantities or of buying a long way in advance. "They don't want to commit themselves. They would sooner just have a few and sell out completely than risk having stock at the end of the season. More and more, they want us to take last-minute orders. We have to be ready to react."

In theory, the British should be riding the crest of a fashion wave at the moment. "Les Anglais au Maelstrom" is very much the predicted look for the autumn of this year. Stand after stand at Paris was dotted with what the world regards as the typical British silhouette: frock coats, capes and even the good English twin-set. Tweeds and checks, British grouse moor colours, were everywhere.

At the top end of the ready-to-wear business all this has



The new look for winter from Paris is long and full, with wide-brimmed hats. But will it sell?

been very good news. Burberry has trouble keeping pace with orders for its classic raincoats and there is still demand for Jaeger knitwear.

Further down the fashion ladder, however, British manufacturers without such elegant cachets are having to struggle to keep pace with foreign competitors. The prestige names themselves are not without problems, however. Most of the French couture houses have now gone into the hurly-burly of ready-to-wear, so that St. Laurent and Cardin are no longer the exclusive brand names of the Paris jet set. Protecting those names is now a full-time job for a whole corps of lawyers.

It is not only in the side streets of Hong Kong that you can buy copies of high-fashion clothes, complete with brand name, at Marks and Spencer prices. On Sunday morning in New York's lower East Side the cat-price clothing stores blossom with names that would not disgrace Bond Street or the Avenue Fauberge St. Honore.

Mexico, Taiwan, South Korea and even Turkey are accused of being sources of pirate supplies. Nearer home, the French get very cross with the Italians, whom they accuse of a vast amount of relabelling raincoats.

— simply importing ready-made goods from Asia and putting an Italian label and an Italian mark-up on them before sending them out to stores. Only last year the British Customs Investigation Bureau took on extra staff in a bid to crack down on this practice with accusations being thrown not only at the Far East but also at Eastern Europe, notably Romania, as sources of clothing which was being relabelled by Italian entrepreneurs as Common Market produce.

The magazine *Peoples*, a strongly worded monthly publication of the Federation Francaise du Pret-a-Porter, is constantly attacking French and Common Market policy over imports. In that, it is hardly alone. In London and New York, Government officials must be growing exhausted in simply dealing with the volume of protest. The calling in of Government agencies to tighten up the import rules is an example of the results of this pressure. But it is open to question whether it was coincidence that European restrictions on American-made artificial fibre imports were partly increased by U.S. rules which for some European products as Burberry and Aquascutum

APPOINTMENTS

Phicom senior group changes

Mr. R. J. F. Howard, previously chief executive director, has become chairman of PHICOM in place of Mr. S. W. Livesey who has retired. From June 1, Mr. A. R. S. Franks, who has been an executive director of Phicom and its predecessor company, Plantation Holdings, for 16 years, will be appointed managing director. At the same time Mr. J. G. Armstrong will join the Board of Phicom as an executive director and will take over the chairmanship of Treva Com-munications, the parent company of the data communications division. He will continue his present responsibilities for the instruments division. The light engineering division, managed by Phicom executive director Mr. R. P. L. McMurrie, will be renamed the electronic enclosures division.

Mr. Derek Ezra, chairman of the National Coal Board, has been elected president of the COAL INDUSTRY SOCIETY in place of Mr. W. M. Pybus. Mr. J. Froome has become chairman and Mr. L. T. Anthony, vice-chairman of the Society.

Mr. Tom Kilpatrick has joined the Board of BAMFORD HALL HOLDINGS of Sheffield. He is at present chairman of the Economic Development Committee for Foundries and was previously a managing director of the United Steel Companies and chairman of Brown Bayley Steels.

Mr. T. A. Hilary and Mr. J. A. Greenhalgh, assistant general managers of the HALIFAX BUILDING SOCIETY, have been appointed general managers from May 23. Mr. G. M. Wykes, at present regional manager east region, is to become a secretary of the Society on that date.

Mr. Christopher Wilson has been appointed chairman of ST. REGIS NEWSPAPERS following the recent retirement of Lord Robens. Mr. Wilson is also managing director of St. Regis Newspapers and a director of St. Regis International.

Mr. Bryan Ellings, at present

manager of a group of power stations in the Midlands region of CENTRAL ELECTRICITY GENERATING BOARD, has been appointed director of resource planning of that region. He will take over on August 1 from Mr. Ben Farish, who retires at the end of September.

Mr. R. M. Tolson, financial accountant, has been appointed a director of the FIRTH-DERIDON STAMPINGS.

Mr. Barrie J. Newton and Mr. Simon M. Wall have joined the partnership of STOCK REECH AND CO., stockbrokers, of Bristol.

Mr. Cecil V. Dibb has been elected chairman of the STOCK EXCHANGE, MIDLANDS AND WESTERN UNIT, and Mr. Edward R. Greay has become deputy chairman.

Mr. Tony Ransome has been appointed to the board of ARTHUR SANDERSON AND SONS as divisional commercial director. From June 1, Mr. L. E. Falconer will become finance director.

Mr. M. J. E. Usher has been appointed deputy managing director of PORTLAND SHOES. He takes over as managing director on January 1, 1981, in place of Mr. David L. Roberts, who will continue as a director until his retirement at the end of October next year.

Mr. John Webb, managing director of Motor Circuit Developments, has been elected president of the ASSOCIATION OF INTERNATIONAL MOTOR RACING CIRCUITS.

Professor Richard E. D. Bishop has been appointed vice-chancellor and principal of BRUNEL UNIVERSITY from October 1 to succeed Mr. Stephen Bragg. Professor Bishop is at present the Kennedy Professor of Mechanical Engineering in the University of London at University College.

Mr. Frank Andrew has been appointed managing director (designate) of MAILLONSON.

DENNY (UK). When he takes up the position of managing director in several months' time, Mr. R. T. S. Macpherson, as group chief executive, will remain chairman. Mr. Andrew was previously with EL.

INVERESK GROUP states that Mr. J. H. Riddell, Mr. J. M. Thomson and Mr. J. A. Miller, non-executive directors, have resigned on Georgia-Pacific Corporation's acquisition of Inveresk Group becoming effective. Mr. J. T. Donald has also resigned as a director but remains as an executive. Mr. T. S. Corrigan continues as chairman and managing director. Mr. R. E. Flowerree and Mr. R. A. Schumacher, respectively chairman and chief executive officer and a director, and a senior vice-president of Georgia-Pacific, have become directors.

Mr. Stanley R. Harding has joined the board of SAN FRANCISCO INSURANCE COMPANY (UK), a subsidiary of Fireman's Fund Insurance Company.

Mr. Michael Gerrish has been appointed director of corporate affairs for JARDINE GLAN-VILL (UK) and continues as non-executive chairman of Industrial and Mercantile Credit Insurance, a subsidiary.

Mr. Peter Graham, managing director of Standard Chartered Bank and chairman of Standard Chartered Merchant Bank, is the new president of the INSTITUTE OF BANKERS and chairman of its council for 1981-82. Mr. Robert Amos, assistant chief general manager of Lloyds Bank, has been elected by the Institute's council as its deputy chairman in succession to Mr. Graham.

Dr. H. C. Hans Locher has been installed as president of the TEXTILE INSTITUTE.

Mr. I. D. Counts has been elected chairman of the LOCAL AUTHORITIES' MUTUAL INVESTMENT TRUST following the retirement of Mr. F. D. Pickering.



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Companies
and Markets

CURRENCIES; MONEY AND GOLD

MINING NEWS

Dollar retreats

Heavy central bank intervention and an easier trend in European dollar rates were the principal reasons behind a fall in the dollar in currency markets yesterday. The Bundesbank and the Bank of France as well as the Swiss National Bank were all active in the market and this helped to dampen the bullish feeling seen on Tuesday after the latest U.S. GNP figures.

Sterling benefited from the dollar's down turn and improved against the U.S. unit although it lost ground against major European currencies.

European currencies showed little change within the European Monetary System yesterday. The French franc remained at its floor level against the D-mark and both currencies received an improvement to show an improvement against the dollar. The D-mark was again the most improved currency.

DOLLAR — Trade-weighted index (Bank of England) was unchanged at 106.1. The dollar fell to DM 2.2889 against the D-mark from DM 2.3085, and to Sfr 2.0475 from Sfr 2.0550. The French franc regained some of the ground lost recently with the dollar finishing at Ffr 5.54 against Ffr 5.56 in yen terms the dollar eased to ¥220.80 from ¥220.90.

STERLING — Trade-weighted index (Bank of England) rose to 98.5 from 98.3, having stood at 98.2 at noon and 98.6 in the morning. Against the dollar, sterling opened at \$2.0775 and touched a best level of \$2.0975 before coming back at the close to \$2.0805-2.0815, a rise of just 25 points. The pound was easier against European currencies, falling to DM 4.7950 from DM 4.7975 and Ffr 5.5275 from Ffr 5.5500.

D-MARK — Strongest member of the European Monetary System but the sudden fall of the

French franc has led to sales of D-marks to maintain EMS agreed limits, causing the German currency to weaken against the dollar. The rise in U.S. interest rates has also depressed the D-mark, leading to speculation about an increase in the Bundesbank special Lombard rate. The Bundesbank sold over \$127m at yesterday's fixing in Frankfurt and the dollar was fixed lower at DM 2.2890 compared with DM 2.3085. Yesterday's intervention was the highest since February 1978 when the Bundesbank sold a record \$164.7m. Rumours that the authorities were increasing the special Lombard rate from the current rate of 12 per cent depressed the dollar. Central bank activity outside the fixing was estimated at around \$500m. Any rise in German interest rates could create as many problems as it would solve with the French franc, leading to speculation about a level of DM 4.1505 per Ffr 100 at DM 4.151. Elsewhere sterling slipped to DM 4.7910 from DM 4.7970 and the Swiss franc lower at DM 1.1222 from DM 1.1265.

FRANC — Very weak against the dollar and European currencies following the Socialist win in the Presidential election. Higher interest rates have failed to prevent the franc falling to the lowest position within the EMS. The French franc remained very weak at yesterday's fixing in Paris, clearing \$2.0805 around DM 100 by the Bank of France. The D-mark remained at its cross rate ceiling of Ffr 2.0805 while the dollar eased to Ffr 5.5065 from Ffr 5.5275. Elsewhere the Belgian franc slipped to Ffr 14.7615 from Ffr 14.8010 per Ffr 100 while the Dutch guilder was fixed higher at Ffr 1.6787 against Ffr 1.6772. Sterling fell to Ffr 11.5330 from Ffr 11.5650.

EMS EUROPEAN CURRENCY UNIT RATES

ECU	Currency amounts against ECU	% change from central	% change adjusted for divergence	Divergence %
Belgian Franc	40.7985	+1.3584	+1.40	+1.67
Danish Krone	7.9197	+0.0055	+0.52	+0.19
German D-Mark	2.34502	+0.0048	+0.41	+0.74
French Franc	5.55228	+0.0038	+1.15	+1.82
Italian Lira	2.0312	+0.0001	+0.12	+0.13
Irish Punt	0.686145	+0.000409	+1.85	+1.88
Italian Lira	1262.92	+0.02	+0.02	+0.02

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May 20	May 19	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.00	2.001	4.785	456.5	11.528	4.285	6.330	2376	2.497	77.85
U.S. Dollar	0.491	1.00	2.358	220.8	6.559	2.048	2.555	1142	1.300	37.41
Deutsche Mark	0.209	0.435	1.00	95.05	2.409	0.891	1.112	496.6	0.529	18.27
Japanese Yen	2.276	4.589	10.41	100.0	25.09	9.976	11.58	5171	5.435	159.4
French Franc	0.187	1.905	4.151	398.5	1.00	2.608	4.315	2061	2.156	67.53
Swiss Franc	0.355	0.488	1.325	107.5	2.704	1.00	1.248	557.4	0.586	18.26
Dutch Guilder	0.188	0.391	0.899	95.27	0.817	0.801	1.00	446.6	0.469	14.65
Italian Lira	0.421	0.876	2.014	183.4	4.858	1.794	2.231	1000	1.051	32.77
Canadian Dollar	0.401	0.834	1.917	194.1	4.517	1.707	2.131	951.7	1.00	31.18
Belgian Franc	1.585	3.275	6.148	592.3	14.81	5.475	8.834	3052	3.507	100.0

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 20)

3 months U.S. dollars	6 months U.S. dollars
bid 18 1/4 offer 18 1/2	bid 17 3/4 offer 17 7/8

THE POUND SPOT AND FORWARD

May 20	Day's spread	Close	One month	%	Three months	%
U.S.	2.2775-2.2785	2.2885-2.2895	0.85-1.05c dis	-5.77	3.35-3.45c	-6.52
Canada	2.4880-2.4900	2.4980-2.4970	1.35-1.45c dis	-6.75	4.00-4.15c	-6.52
Netherlands	5.37-5.38	5.37-5.37	1/2 pm-1/2c	-0.28	1/2 pm-1/2c	-0.08
Belgium	77.75-77.85	77.80-77.80	30-40c	-5.38	108-115c	-5.65
Denmark	15.00-15.07	15.01-15.01	0.10-0.10c	-2.15	95-115c	-2.60
Ireland	1.3070-1.3100	1.3080-1.3100	0.35-0.40c	-3.80	112-135c	-3.74
W. Ger.	4.77-4.78	4.78-4.79	1/2c	-0.94	1-1 1/2c	-1.04
Portugal	225.00-226.00	225.00-226.00	100-150c	-5.77	185-200c	-7.75
Spain	168.80-169.00	168.85-169.05	100-150c	-2.58	350-395c	-7.94
Italy	2.375-2.385	2.375-2.377	17-18 lire	-3.09	44-57c	-3.34
Norway	11.75-11.84	11.75-11.80	1/2-5/8c	-1.85	14-25c	-3.70
France	71.40-71.55	71.45-71.55	6-7 1/2c	-7.55	20-21c	-7.71
Sweden	10.10-10.22	10.17-10.18	2-3 1/2c	-3.75	9-10c	-3.92
Japan	487-488	489-490	1-1 1/2c	4.53	52-60c	4.23
Austria	35.70-35.85	35.70-35.75	3/4c	0.18	2-3 1/2c	-0.28
Switzerland	4.25-4.26	4.25-4.26	1/2 pm-1/2c	1.61	7-11c	1.78

Belgian marks for sale convertible francs. Financial franc 75.85-80.05.
Suisse francs for sale convertible francs. Financial franc 75.85-80.05.
May 19 prices 11.55-11.65, (close).

Belgian rate is for convertible francs. Financial franc 79.85-80.05. Six-month forward dollar 5.50-5.55c. 12-month 6.25-6.45c. May 19 France 11.54-11.55, (close).

THE DOLLAR SPOT AND FORWARD

	Day's spread	Close	One month	%	Three months	%	
U.K.	2.0775-2.0785	2.0885-2.0895	0.95-1.05c	dis	-5.77	3.35-3.45c	-6.52
Ireland	1.3070-1.3100	1.3080-1.3100	0.35-0.40c	dis	-3.80	112-135c	-3.74
Canada	2.4880-2.4900	2.4980-2.4970	1.35-1.45c	dis	-6.75	4.00-4.15c	-6.52
Netherlands	5.37-5.38	5.37-5.37	1/2 pm-1/2c	dis	-0.28	1/2 pm-1/2c	-0.08
Belgium	77.75-77.85	77.80-77.80	30-40c	dis	-5.38	108-115c	-5.65
Denmark	15.00-15.07	15.01-15.01	0.10-0.10c	dis	-2.15	95-115c	-2.60
Ireland	1.3070-1.3100	1.3080-1.3100	0.35-0.40c	dis	-3.80	112-135c	-3.74
W. Ger.	4.77-4.78	4.78-4.79	1/2c	dis	-0.94	1-1 1/2c	-1.04
Portugal	225.00-226.00	225.00-226.00	100-150c	dis	-5.77	185-200c	-7.75
Spain	168.80-169.00	168.85-169.05	100-150c	dis	-2.58	350-395c	-7.94
Italy	2.375-2.385	2.375-2.377	17-18 lire	dis	-3.09	44-57c	-3.34
Norway	11.75-11.84	11.75-11.80	1/2-5/8c	dis	-1.85	14-25c	-3.70
France	71.40-71.55	71.45-71.55	6-7 1/2c	dis	-7.55	20-21c	-7.71
Sweden	10.10-10.22	10.17-10.18	2-3 1/2c	dis	-3.75	9-10c	-3.92
Japan	487-488	489-490	1-1 1/2c	dis	4.53	52-60c	4.23
Austria	35.70-35.85	35.70-35.75	3/4c	dis	0.18	2-3 1/2c	-0.28
Switzerland	4.25-4.26	4.25-4.26	1/2 pm-1/2c	dis	1.61	7-11c	1.78

U.K. and Ireland are quoted in U.S. dollars. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

May 20	Bank of England	Change	May 19	Bank of England	Change
Sterling	98.5	+0.2	98.3	+0.2	
U.S. dollar	106.1	+0.4	106.1	+0.4	
Canadian dollar	15.01	+0.01	15.01	+0.01	
Australian dollar	11.53	+0.01	11.53	+0.01	
Belgian franc	14.76	+0.01	14.76	+0.01	
Danish krone	11.22	+0.01	11.22	+0.01	
Deutsche mark	11.53	+0.01	11.53	+0.01	
French franc	5.54	+0.01	5.54	+0.01	
Italian lira	1262.92	+0.02	1262.92	+0.02	
Japanese yen	11.53	+0.01	11.53	+0.01	
Norwegian krone	11.53	+0.01	11.53	+0.01	
Swedish krona	11.53	+0.01	11.53	+0.01	
Swiss franc	11.53	+0.01	11.53	+0.01	
U.S. dollar	11.53	+0.01	11.53	+0.01	

Based on trade-weighted changes from Washington agreement December, 1971. Source of London data (base average 1975-100).

OTHER CURRENCIES

May 20	May 19	Rate	May 20	May 19	Rate
Argentina peso	6739-6758	5282-5292	Australia	55.65-54.00	
Australia dollar	1.6180-1.6230	0.9750-0.9755	Belgium	79.30-80.00	
Brazil cruzeiro	175.51-176.61	4.35-4.38	Denmark	14.85-15.10	
Canada dollar	2.4880-2.4900	4.30-4.32	France	11.45-11.55	
Great Britain	115.18-118.01	55.50-55.80	Germany	4.77-4.80	
Hong Kong dollar	11.35-11.34	5.44-5.45	Italy	3.50-3.52	
India rupee	15.50-15.50	15.50-15.50	Japan	4.80-4.85	
Kuwait dinar	0.874-0.880	0.877-0.878	Netherlands	8.30-8.34	
Malaysia dollar	77.80-77.80	57.41-57.45	Norway	11.75-11.84	
Malaysia dollar	2.8281-2.8281	2.8281-2.8281	Sweden	10.10-10.22	
New Zealand dollar	2.2620-2.2670	1.155-1.155	Switzerland	4.25-4.26	
Philippines peso	11.35-11.35	11.35-11.35	U.S. dollar	10.10-10.22	
Singapore dollar	6.45-6.47	2.145-2.145	United States	2.08-2.08	
South African rand	7.520-1.7540	0.8420-0.8430	Yugoslavia	74-81	
U.A.E. Dirham	7.52-7.65	5.6705-5.6725			

Rate given for Argentina is free rate. * Selling rate.

Minorco set to acquire coal producer in U.S.

BY GEORGE MILLING-STANLEY

THE Bermuda-registered Minerals and Resources Corporation (Minorco) yesterday began its second major acquisition in North America since it was re-structured to be the Anglo American Corporation group's vehicle for expansion outside South Africa.

Last month, Minorco combined with Canada's Hudson Bay Mining and Smelting (Hudbay), another company in the Anglo American group, to buy the 55 per cent of Terra Chemicals International not already owned in a deal worth about \$113m (\$54m).

Not much is known about the latest deal, beyond the fact that Minorco and Hudbay have reached what is called a "tentative agreement" to acquire a privately-owned coal company in the U.S. for a combination of cash and notes worth a total of about \$12m.

The two companies said that

the target concern made net profits of \$5.2m in 1980, but they declined to reveal its name. The coal company is believed to be primarily a producer of thermal coal, used for power generation, with a small proportion of its output being coking coal, used principally in steelmaking.

The acquisition is in line with the recent trend towards big oil companies taking over the country's coal assets. Major acquisitions have been made in recent months by, among others, Gulf Oil and the BP subsidiary Standard Oil of Ohio.

Hudbay said in Toronto yesterday that the transaction is expected to be completed in early July, through a company jointly owned by Hudbay and Minorco.

In another major U.S. coal deal, Diamond Shamrock, the U.S. energy firm chemicals company, yesterday announced that it has agreed to acquire Amherst

Coal in a share exchange worth more than \$210m.

Diamond Shamrock will exchange about 6.2m of its shares, currently standing at \$34.1, for all the outstanding shares of Amherst, reports Paul Betts from New York.

The acquisition is in line with the recent trend towards big oil companies taking over the country's coal assets. Major acquisitions have been made in recent months by, among others, Gulf Oil and the BP subsidiary Standard Oil of Ohio.

Amherst is the biggest and one of the oldest coal companies still in private hands in West Virginia. It produced about 1.9m tons of coal last year from its mines in Logan and Wyoming Counties in West Virginia.

The company controls an estimated 225m tons of metallic coal and 25m sulphur steaming coal reserves.

S. Africa lifts uranium output

SOUTH AFRICA'S output of uranium reached a record 6,148 tonnes in 1980, according to Dr. Wynand de Villiers, chairman of the country's atomic energy board. This represented a rise of 28 per cent on 1979's 4,797 tonnes.

The figures do not include the Rio Tinto-Zinc group's Rossing mine in Namibia, where last year's production was about 5,250 tonnes, reports Bernard Simon from Johannesburg.

Dr. de Villiers also released the board's latest review of South Africa's uranium reserves, which appears every two years. The board estimates that the country has 531,000 tonnes of uranium recoverable at a cost of less than U.S.\$120 per kilogram, equal to about 350 per cent.

This figure is virtually unchanged from the estimate made two years ago, despite the amount of exploration activity which has gone on in the intervening period, largely as a result of the rapid escalation of costs in South Africa's mining industry.

Falconbridge gold mine on target

THE NIENA gold mine near Val d'Or in north-western Quebec is making rapid progress towards start to production, reports our Toronto correspondent.

The operation, owned 49 per cent by Canada's Falconbridge Nickel, is a C\$25m (\$10m) project that will see ore shipped for custom milling to the nearby Lamontagne Mine concentrator, belonging to Teck Corporation.

Construction of the surface plant is nearing completion, while underground development work and equipment installation are proceeding on schedule. Production is already being delivered to the concentrator.

Shipments will increase throughout the summer and the Niema mine is expected to reach its full productive capacity of 300,000 tons of ore a year during the fourth quarter as planned.

The mine should produce 65,000 ounces of gold a year, and will make a substantial contribution to Falconbridge's earnings. Ore reserves are estimated at 2.5m tons, grading 7.15 grammes of gold per ton.

Cooper Basin gas price raised

Australia's Cooper Basin gas producers have been awarded an 18.76 per cent increase in gas prices by the arbitrator appointed in the dispute between the producers and the Pipeline Authority of South Australia, according to Santos, the consortium leader.

The new price has been raised to 61.34 Australian cents per gigajoule compared with the U.S.\$8.06m compared with \$5.42m in the same period last year.

The price rise will be backdated to January 1981, and will be reviewed in January next year.

The Cooper Basin gas producers include Santos, Delhi Corporation, Vamgas, South Australian Oil and Gas, Total Oil, Crusader Oil, Bridge Oil, Alliance Oil, Reef Oil and Basin Oil.

Meanwhile, Santos reports that the McKinley 1 exploration well, located 50 km from the Moomba gas plant and 32 km from the Strake oil field in South Australia recovered 16 barrels of 42 degree API oil and six barrels of drilling mud from the drill string. This followed a drill stem test over the interval between 4,062 to 4,085 ft.

A second drill stem test over the interval between 4,060 to 4,119 ft flowed water to the surface as well as minor quantities of gas. McKinley 1 has a target depth of 5,100 ft.

Santos has a 35 per cent interest in the well. Delhi Corporation holds 21 per cent, Vamgas 7 per cent, South Australian Oil and Gas 7 per cent and Crusader Resources 30 per cent.

Gas and oil sales of Global Natural Resources during the quarter ended March 31 totalled U.S.\$8.06m compared with \$5.42m in the same period last year.

The company, which has operations in the U.S., Canada and Indonesia, reports that net income rose to \$2.45m from \$1.34m with income per share of 12 cents against 7 cents in the first three months of 1980. U.S. taxation declined to \$100,000 from \$246,000 but Indonesian taxation increased to \$1.9m from \$1.0m.

Exploration costs rose sharply to \$1.74m from \$487,000. The company's U.S. subsidiary has entered into oil and gas exploration agreements with three American companies calling for U.S. exploration expenditures estimated at \$7m to \$12m over the next two years depending on the volume of drilling.

The first of the three companies, Consolidated Resources of America, will assemble exploration prospects in Louisiana

and the Texas Gulf coast, the second, Greater Petroleum, will locate and prepare prospects in the Permian basin of Texas and the third, Com-Tek Resources, will conduct an exploration program in Wyoming, Montana and North Dakota.

KCA International has purchased the 49 per cent minority interest in KCA Baron, the Texas-based oil and gas production, development and exploration group, at a cost of just over U.S.\$7.5m.

KCA International's original 51 per cent interest was acquired in January, 1981. KCA Baron has subsequently been developing its existing acreage and acquiring new acreage. The former estimates its assets, in the form of oil and gas reserves, to be in excess of \$44m at current values.

The 49 per cent interest is being acquired from Mr

WORLD STOCK MARKETS

Wall St opening rally falters

NEW YORK

NEW YORK				Stock				Stock				Stock				Stock			
Stock				May 19				May 19				May 19				May 19			
ACF Industries	46 1/4	46 1/4		Columbia Gas	35	35		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
AMF	24 1/4	24 1/4		Columbia Pkch	35	35		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Int'l	15 1/2	15 1/2		Combined Int.	21 1/2	21 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
ARA	52 1/2	52 1/2		Combin. Eng.	43 1/4	43 1/4		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
AXP Corp	52 1/2	52 1/2		Comm. Satellite	55 1/2	55 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Abbott Labs	51 1/4	51 1/4		Comp. Science	23 1/4	23 1/4		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Aetna	25 1/2	25 1/2		Cons. Mills	34 1/4	34 1/4		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Aetna Life & Cos.	35 1/4	35 1/4		Conn Gen Ins.	53 1/2	53 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Can.	40 1/4	40 1/4		Conrad	21	21		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Cyanamid	32 1/4	32 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Cyanamid	32 1/4	32 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Express	45 1/4	45 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated	27 1/2	27 1/2		Gl. Atl. Pac. Tea	65 1/2	65 1/2		MGM	11 1/4	11 1/4		Schultz Brew J.	10 1/4		
Am. Gen. Ins.	43 1/4	43 1/4		Consolidated															

A FIRMER opening on Wall Street yesterday was short-lived among the Blue Chips, with higher U.S. interest rates again

the sector's index down 21.2 at 4,540.4 by mid-day.

In a mixed Montreal market the Combined Index was up 0.67 at

50 cents to HK\$14. Hong Kong

Wharf 40 cents to HK\$39.30.

Hutchinson Whampoa 50 cents

to HK\$19.30. Jardine Matheson

to HK\$21.50 and Swire

In higher Metals, V

rose 20 centimes to FF

its smaller group net.

1980, while in Vehicles,

gained FF 8 to FF 15.

A FIRMER opening on Wall Street yesterday was short-lived among the Blue Chips, with higher U.S. interest rates again identified as the main depressant.

By 1 pm the Dow Jones Industrial Average had shed a further 3.70, to 978.31, after the sector's index down 21.2 at 4,540.4 by mid-day.

In a mixed Montreal market the Combined index was off 0.67 at 398.24.

By 1 pm the Dow Jones Industrial Average had shed a further 3.70, to 978.31, after the sector's index down 21.2 at 4,540.4 by mid-day.

In a mixed Montreal market the Combined index was off 0.67 at 398.24.

Tokyo

50 cents to HK\$14. Hong Kong, Wharf 40 cents to HK\$9.30, Hutchinson Whampoa 50 cents to HK\$19.50, Jardine Matheson 30 cents to HK\$21.50 and Swire Pacific "A" 60 cents to HK\$18.20.

An analyst said institutional buying especially from London,

In higher Metals, V rose 20 centimes to FF9. Its smaller group net. 1890, while in Vehicles, gained FF. 8 to FF15.50.

Electricals were mixed. Chemicals were weak. Uclaf rose FF. 3 in FF

fallen 3.70 to \$76.31 after a rise of 5.76 at Tuesday's close. Volume was moderately active 31.69m shares (30.433m) and advances overall were none the less narrowly outpacing declines. The NYSE All Common Index eased 8 cents to \$76.39.

A marked recovery began, with the Nikkei-Dow Jones Market Average regaining 107.26—more than half its 187.88 plunge on Tuesday—to close at 7,371.27. Bargains were hunted over the broad front, and advances led

buying, especially from Russia.

Milan

Prices on the Milan bourse firmed on active buying for the new account, and its index rose 8.19 to a record 253.90.

Bargains were hunted over the broad front, and advances led

In the Foreign sector, Canada, Germans, Dutch, Oil, Mines and Coppers all e

Australia

Coal and Copper E

Among the improving stocks, Iowa Beef Processors rose \$1 to \$52½ by noon on sharply higher second-quarter earnings. Continental Group, which projected declines 445 to 149, but trading was thin with volume of 300m shares (440m) as many investors stayed on the sidelines. The Tokyo New SE Index rose 6.79 arrest of Sig. Roberto Calvi, chairman of Banco Ambrosiano, on exchange control charges triggered sharp losses for Centrale and other Ambrosiano firms. But institutional stocks underpinned firm trading, as the heat came in the banking sector in response to ANZ's withdrawal from the plans.

The All Ordinaries Index was higher at 6327.79, while Metals and Minerals closed down 7.7% to 608.2 and Resources 6.8% to 652.0.

ASX-100 Co listed 1.309 to 1.761

that it is considering, a \$90 a share merger proposal from Rogers Telecommunications and United Artists Theatre Circuit, which tops a \$80 bid by Knight-Ridder and Dew Jones, United

Elsewhere, Hitachi rose ¥9 to ¥637, Mitsubishi Electrical ¥15 to ¥322, Mitsubishi Heavy Industries ¥8 to ¥267 and Kawasaki Heavy Industries ¥4

THE AMERICAN SEC Market Value Index gained 155 to 369.02 by 1 pm on volume of 3.58m shares (3.73m).

Canada

Other major gainers included: Nippon Oil, up ¥50 to ¥1,050, was the top performer, followed by Y206, Sumitomo Metal firmed ¥4 to ¥252 on foreign purchases, helping other Steels recover.

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The Toronto market began a reversal of Tuesday's steep decline. Noon declines outnumbered advances 190 to 134 as the Composite Index gained 3.4

Among weaker Metals, Dome Mines was off CS\$ at CS29, Campbell Red Lake CS\$ at CS21 and Giant Yellowknife CS\$ at CS20.

CS2 at CS194.
Brenda Milnes eased CS1 to CS228; Cyprus Anvil CS3; to CS230; and Falconbridge Copper CS3 to CS17.
Golds were sharply lower, with Index 30.73 up at 1,555.10 for the half-day session. The rise was an unexpectedly strong technical adjustment after Tuesday's 7.36 fall.

Closing prices for North America were not available for this edition.

CANADA			BELGIUM (continued)			HOLLAND			AUSTRALIA			JAPAN (continued)		
Stock	May 19	May 18	May 20	Price Frs.	+ or -	May 20	Price Fls.	+ or -	May 20	Price Aust. \$	+ or -	May 20	Price Yen	
ANZ Group				4.7	-0.06				Kubota			347		
				2.9					Kumasa			841		

AltoBilt	86%	265g	Petrolene	4,395	38	AQ Holding	81.8	-0.7	Acrow Aust	1.80	0.00	Syngenta	4,300
Agnico Eagle	12%	13	Royale Belge	4,290	30	AOF	66.8	-0.8	Allstate Estl	1.25	-0.75	Avon	3,800
Alcan Alumina	57%	38%	Gen Ben Gang	4,170	+70	ABN	28.1	+0.7	Amgen Inc	0.65	-0.05	Bayer	4,300
Algoma Steel	46%	46%	Gen Ben Belg	4,010	10	AKZ	22.9		Ampco	0.20		Celanese	3,800
Alkermes	38%	39%	Sofine	2,400	50	AMEV	28.9	-0.4	Aust Pulp Pap.	2.3		Macleods	970
Asbestor	32%	30%	Tracy	2,245	35	AMRO	58.2	-0.6	Aust Cons Ind	1.98	-0.01	Merubeni	650
B3 Montreal	27%	27%	Solvation Elect	1,910	40	Rendero Cart	215	-8	Aust Guarant	1.91	-0.02	Merubeni	650

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Can Packers	85	35%	11 Suckers	-2.3	Nat Red Crab	110	-0.2	Caroline's Fish	2.35	Nippon Meat	485
Can Pmp Mfg	264	26%	21 Bluefish	-0.2	Nat Red Crab	110	-0.2	Clurt Off (Aust)	0.35	Nippon Oil	1,050
Can Twp	276	27%	42 Atlantic	+0.6	Nat Red Crab	115	-0.3	Do. Opt	1.33	Nippon Shipm	715
Can Imp Bank	294	29%	Finanabank	163.2	Nat Red Crab	115.5	-0.3	Do. Opt	1.33	Nippon Steel	289
Odr Inds	35%	35%	Forenaden Bryg	+1	Oas Grntm	118	1.5	Cookburn Crab	1.80	Nippon Sake	295
Odr Pacific	44%	44%	Forenaden Damp	-3.4	Ommern (Van)	54.5	-0.2	Boles (G.J.)	2.6	Nippon Suzan	3,500
			GNT Hldg	+2.3	Pakhoed	48.3	+0.2	Comelco	3.45	Nippon Mktg	811

Can F. Ent.	245	245	Nord Kabel	147	+0	Philips	21.4	+0.2	Cos. Ulsin	5.14	+0.2	Nishin Flour	350
Can F.	25	23	Novo Ind	121	-1	RJ-Scheids	43	-1.5	Costal	3.75		Nishin Steel	192
Cherokee Res.	915	94	Privatfabrikan	105		Robeco	232.2	+0.3	Grassder Oil	5.5	+0.1	Nym	560
			Papirfabrikan	121.4		Radomeo	121.5	+0.4	Unipol	1.8	+0.4	NYK	509
			Premsfabrikan	22.6		Rolenco	263.4	+1.1	Eider Smith GM.	4.6	+0.1	Olympus	1,770
Chieftan	681	684	Smidth (F)	275		Torino	130.6	+0.2	Eider Smith G.	0.54	+0.1	Orient	1,200
Comino	53	58	S. Berendsen	627.4	-0.6								

Coca Barlett A	27½				Royal Dutch	95.2	-2.8	Gm Prop Trust	1.7	Pioneer	5,700
Cosmos Res	20¾	21¼			Silvaburg	117.2	-4.3	Hamerley	4.2	Renown	793
Crescent	26½	26½			Texas Co Hg	133	+1	Harker Energy R	8	Roch	785
Dan Devel	11½	11½			Unklevr	158.7	-2.7	Hooker	—	Sanyo Elec	267
Dension Mines	47½	48½			Viking	17	-1	Footcat	1.35	Sapporo	245
Dome Mines	25½	26½			VNU Stock	45.1	-1.4	Jennings	1.2	Seiksu Prefab	646
Dome Petroleum	53½	53			VNU	61.5	+0.3	Jimberna 25c	1.40	Sharp	820

FRANCE

	May 20	Price	+ or -
Aluminum	1,210	1,210	0
Borax	100	100	0
Coal	100	100	0
Copper	100	100	0
Gold	100	100	0
Iron	100	100	0
Nickel	100	100	0
Pt	100	100	0
Rubber	100	100	0
Silver	100	100	0
Wool	100	100	0

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		May 20	Price	+ or -
West Life...	250	250		
Gulf Canada...	275	280		
7% 8				
Hawk sld. Gen...	24 1/2	25		
Hollinger Ray Mas...	484	48 1/2		
Aquiline...	785	785		
Ap Printemps...	96 1/2	96 1/2		
BIC...	478	+26		
Banc' Rothschild...	108 1/2	+5		
BMOG...	682	-31		
BSN Cervia...	579	+25		
ANIC...	795			
Bancor Gen...	184 1/2	+2300		
Bancor Gen...	2600	-2700		
Bancor Fin...	680	-1 1/2		
Banking Pet...	1 1/2			+0 1/2
Bank Emp...	3 1/2			
Bank...	2 1/2			
TDK...	4,940			
Takeda...	841			
Teijin...	191			-0 1/2
Tokai Oil...	780			
Nawa...	1 1/2			
Nicholas Int...	3.35			
North Blk Ind...	2.15			-0 1/2
Orbit...	2.75			
TBS...	780			
Tokio Marine...	465			

Hudson Bay	294	28%	Carrefour	1,626 ⁺	+5	Centrale	11,000	-800	Atco Expl.	0.30	Tokyo Elect. Pow.	115
Hudbay Mining	264	28%	Club Meditar.	435	+7	Credito Varese	35,000	-900	Ontario	0.30	Tokyo Gas	115
Imperial Oil	354	36%	Colt Oil & Gas	244	-1	Flint	2,480	+95	Imperial	0.16	Tokyo Corp.	270
Imperial Oil	354	36%	CSF (Thomson)	244	-8	Finisider	81,400		Pioneer Canon	0.27	Tokyo Corp.	290
Imperial Oil	354	36%	Cie Bancaria	986	-5	Insider	81,400		Queen Mary's G.	3.40	Toshiba Inc.	323
Imperial Oil	354	36%	Cie Gen. Auxil.	350	-1	Invest	6,045	+125	Reckitt & Co. Inc.	2.16	TOTO	481
Imperial Oil	354	36%	Coffmex	121.3	-0.8	Reckitt & Co. Inc.	6,045	+125	Sarboas	5.5	Toy Seikan	290

Ince,	274	881	OCF	146	-3	Montcalm	244	+	Saigh (M.C.)	1.76	0.00	Toyota Motor	870	
Indco	174	174	Crescent Ldr.	50	+0.6	Oliveri	4,478	+9	Southland M's	6.76	+0.00	Victor	3,820	
Inter. Pipe	16	16	CFL	121	+	Pirelli Co.	701	-309	Spangos Exp.	0.57	0.00	Waco	35	
			Dumz	942	+0.3	Pirelli Spa	2,610	+22	Three Starwide	0.98	+0.01	Yamaha	510	
Mac Blade	40	39%		942	+	Sale Viscosa	1,140	-80	Toots	2.68	0.00	Yamazaki	530	
Martins & Spencer	101	101	Ferodo	255	-4.8		1,140	-80	UMAL	Con.	3.75	0.00	Yokada Fire	347
Maxima Fyrr	107	1.65	Gen. Occidental	25	+18.5	Toro Amc.	65,000	-3300	Valiant Const.	0.4	+0.05	Yokogawa Bldg.	485	

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Alcar(Hrm)G.H.	26.8	Bayer-Hypo	190	-3	Pagetsa	108	+1
Arlor Res	52.5	Bayer-Verein	267	-2.7	Mosch	163	+10
B&W	25.5				No oh born	169	+5
Eurocast Trans	14.4	BHT-Bank	181.9	-14.5	Saab-Skandia	116	+5
Franco (Geo)	24.1	BHW	174	-0.5	Sandvik	228	+5
		Brown Boveri	255	-5.5	Skandia	375	+5
		Commerzbank	128	-0.5	Sitan Skandia	152	+2
		Conti Gummi	51.6	-0.5			

Ajinomoto	899	+5	ES Drive	33.75
Amada	746	+1	Fast Gd	50
B&W	559	+4	FS Gd	50
Bridgestone	1,380	+27	Gold Fields SA	100
Canon	1,380	+10	Highveld Steel	4.85
Citizen	372	+1	Klucra	7.90
			Hico	37

AUSTRIA								
May 80	Price %	+ or -						
				SKF B.	109	+8	Daniel	680
				St. Koppberg	390	+8	DKBO	495
				Oven Handball	73	+0.5	Dal Nippon P.	816
				Swedish Match.	118		Dalva House	867
				Volvo	113	+8	Dalva Seiko	362
							Ela	373
							Eda	372
							Rust Plot	8.10
							Sage Hilda	2.3
							ProBank	6.25
							Proda Hilda	19.25
							Reda Hilda	19.25
							Rambart	7.70
							Rannia	3.60
							Rust Plot	8.10
							Sage Hilda	2.3

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1,198.00	Siemens	888.00	-0.9	Swiss Bank	548.00	-2.0	Konigsbrau	965	+0	Source: Ato de Janeiro SE
2,250	Thyssen	71.00		Swiss Rainco	6,880	-15				
2,250 +15	Varta	183.00		Swiss Volkscbk	1,950	-10				
1,234.40	Veba	135.00	+0.5	Union Bank	3,105	-20				
1,900	Verein-West	865		Wolfsbrau	2,440	-30				
5,590	Volkswagen	168.40	+0.2	Zurich Ins	15,600	-100				

NOTES—Prices on this page are as quoted on individual exchanges and are as traded prices. If daily suspended, not for dividend, or for scrip issue, or for ex all.

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NEW YORK

1981												Since Comp'l'n									
May 19				May 18				May 15				May 12				High		Low			
Indust'l's 938.81 965.77 965.95 973.07 967.76 970.82																1054.05	851.57	1051.78	41.25		
N'm's & Ind's 53.12 59.28 58.82 60.88 58.76 58.45																65.78	58.57	111(17/2)	2(7/22)		
Transport... 426.47 425.38 425.80 422.10 418.28 411.43																447.58	373.19	447.58	12.25		
Utilities..... 108.15 102.10 100.51 106.70 107.85 106.87																117.81	103.22	116(4/8)	10(7/22)		
Trading Vol																117.81	103.22	116(4/8)	10(7/22)		
CDS* 42,220 42,500 45,400 42,750 42,500 40,400																117.81	103.22	116(4/8)	10(7/22)		
4day's high 968.29 low 972.26																					
Ind. div. yield %												May 15		May 8		May 1		Yearago (approx)			
												5.81		5.71		5.57		6.50			

STANDARD AND POORS																					
May 19				May 18				May 15				May 12				1981		Since Comp'l'n			
Indust'l's ... 148.22 145.85 145.48 146.46 147.56 146.10																157.79	143.73	160.86	8.83		
Composite 132.08 132.54 132.17 131.28 130.88																130.72	126.12	128.58	14.52		
																15(1)	12(2)	120(11/20)	20(8/22)		
																15(1)	20(2)	120(11/20)	15(3/21)		
Ind. div. yield %												May 15		May 8		Apr. 30		Yearago (approx)			
												4.70		4.69		4.61		5.58			
Ind. P/E Ratio												9.91		10.85		9.37		7.38			
Long Gov. Bond Yield												13.72		13.81		13.36		10.19			

N.Y.S.E. ALL COMMON												Rises and Falls							
												May 19 May 18 May 15							
May 19				May 18				May 15				High				Low			
Issues Traded... 1,899												1,955		1,903					
Rises... 611												587		991					
Falls... 587												677		830					
Unchanged... 401												391		376					
New Highs... 40												50		—					
New Lows... 20												26		—					

MONTREAL												1981													
May 19				May 18				May 15				May 14				High		Low							
Industrials 388.31 (c)																404.11		408.51		404.11 (15/6)		558.26 (20/2)			
Combined 386.00 (c)																370.88		383.88		374.98 (15/4)		543.34 (20/2)			

TORONTO												Composite 25.18 (c)				25.71 26.23 26.78 (10/4)				2161.4 (20/2)			
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NEW YORK ACTIVE STOCKS												Change							
Tuesdays												Change							
Stocks Closing												Change							
traded price day												Change							
Mosa Pet. 517.300 25% - 1/4												Chas Svc. 453.100 40 - 2/4							
Sony 658.300 21% - 1/4												Exxon 488.100 54% - 1/4							
IBM 616.200 56% - 1/4												Bally Mfg. 454.700 27% - 1/4							
BokAmerica 533.700 25% + 1/4												Sara Roebuck... 430.500 18% - 1/4							
Citicorp 521.700 28% + 1/4												Halliburton 408.400 62% - 1/4							

AUSTRALIA												May 20				May 19				May 18				May 15				High		1981		Low	
Alu. Ord. 11/1/80																892.7		588.8		588.8		587.4		737.3 (8/4)		841.1 (17/2)		84.1 (17/2)		56.4 (8/8)			
Metal & Minnrls. 1/1/1/80																592.7		588.5		588.5		588.5		735.2 (7/1)		735.2 (7/1)		735.2 (7/1)		735.2 (7/1)			

AUSTRIA												May 20				May 19				May 18				May 15				High		1981		Low	
Credit Aldien 2/1/82																61.39		62.11		62.10		62.27		66.45 (8/1)		61.45 (4/6)		61.45 (4/6)		61.45 (4/6)		61.45 (4/6)	

BELGIUM												May 20				May 19				May 18				May 15				High		1981		Low	
Belgian SE 3/1/12/85																77.27		77.85		78.8		76.17		88.15 (17/2)		77.27 (20/2)		77.27 (20/2)		77.27 (20/2)		77.27 (20/2)	

DENMARK												May 20				May 19				May 18				May 15				High		1981		Low	
Copenhagen SE 1/1/1/73																111.76		112.97		111.86 (c)		112.97 (19/6)		86.38 (3/1)		86.38 (3/1)		86.38 (3/1)		86.38 (3/1)			

FRANCE												May 20				May 19				May 18				May 15				High		1981		Low	
CAC General (2/12/81)																87.2		86.30		87.8		87.8		112.8 (17/6)		85.5 (19/6)		85.5 (19/6)		85.5 (19/6)			
Ind Tandance (3/1/12/80)																85.5		85.1		86.2		86.2		108.8 (18/6)		85.1 (18/6)		85.1 (18/6)					

GERMANY												May 20				May 19				May 18				May 15				High		1981		Low	
FAC-Aktien (3/12/12/80)																238.11		230.81		232.55		232.9		254.8 (24/6)		215.88 (3/2)		215.88 (3/2)					
Commerzbank Dec. 1984																785.0		707.5		712.7		714.7		727.7 (37/4)		688.4 (16/2)		688.4 (16/2)					

HOLLAND												May 20				May 19				May 18				May 15				High		1981		Low	
ANP-CSS General (1970)																82.1		85.4		82.9		82.5		83.6 (18/6)		85.7 (2/1)		85.7 (2/1)					
ANP-CSS Indust. (1970)																70.6		71.2		71.2		70.8		72.5 (20/4)		82.8 (2/1)		82.8 (2/1)					

HONG KONG												May 20				May 19				May 18				May 15				High		1981		Low	
Hang Seng Bank (3/17/84)																1656.10		1654.87		1652.35		1648.21		1650.82 (4/2)		1286.44 (11/2)		1286.44 (11/2)					

ITALY												May 20				May 19				May 18				May 15				High		1981		Low	
Banca Comm. Ital (1872)																(u)		277.71		370.17		287.76		277.71 (18/6)		175.56 (6/1)		175.56 (6/1)					

JAPAN												May 20				May 19				May 18				May 15				High		1981		Low	
Dow Average (18/5/85)																7571.27		7554.81		7451.83		7485.38		7874.18 (20/4)		8965.88 (15/1)		8965.88 (15/1)					
Tokyo New SE (4/1/88)																846.90		848.91		852.95		864.88		880.85 (30/4)		880.85 (30/4)		880.85 (30/4)					

NORWAY												May 20				May 19				May 18				May 15				High		1981		Low	
Oslo SE 1/11/73																117.87		119.58		120.35		121.4		127.57 (4/6)		116.22 (12/2)		116.22 (12/2)					

SINGAPORE												May 20				May 19				May 18				May 15				High		1981		Low	
Straits Times (1980)																885.52		886.82		(c)		810.2		810.2 (15/6)		658.52 (2/1)		658.52 (2/1)					

SOUTH AFRICA												May 20				May 19				May 18				May 15				High		1981		Low	
Gold (1985)																—		858.7		848.8		845.5		787.5 (7/1)		581.5 (6/6)		581.5 (6/6)					
Industrial (1986)																—		844.7		854.4		852.5		855.5 (1/5)		557.2 (3/2)		557.2 (3/2)					

SPAIN												May 20				May 19				May 18				May 15				High		1981		Low	
Madrid SE (30/12/80)																119.80		116.37		118.30		(c)		119.30 (20/6)		102.46 (2/1)		102.46 (2/1)					

SWEDEN												May 20				May 19				May 18				May 15				High		1981		Low	
Jacobson & P. (1/1/88)																554.82		527.90		518.72		514.8		524.82 (20/5)		404.17 (20/1)		404.17 (20/1)					

SWITZERLAND												May 20				May 19				May 18				May 15				High		1981		Low	
Swiss Bank Cpn. (3/12/84)																288.5		289.8		291.8		288.9		294.2 (2/4)		288.5 (20/6)		288.5 (20/6)					

WORLD												May 20				May 19				May 18				May 15				High		1981		Low	
Capital Intl. (1/1/79)																—		105.3		156.4		156.0		162.8 (8/1)		148.8 (17/2)		148.8 (17/2)					

Base values of all indices are 100 except Australia All Ordinary and Metals 500; NYSE All Common-60; Standard and Poors-10; and Toronto-1,000; the last named based on 1875. †Excluding bonds. ‡400 Industrials. §400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. ‖Closed & unavailable.

Horanda Mines	32 1/2	32 7/8	Michelin B.	684	+1	May 20	Price Kroner	+ or	HONG KONG	Boustead Bhd.	8.8
			Moet-Hennessey	417	-1					Cold Storage	4.26

Telecom.	46.0	437.5																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
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FINANCIAL TIMES SURVEY

Thursday May 21 1981

Mr Spyros Kyprianou,
President of CyprusMr Rauf Denktaş, the
Turkish Cypriot leader

CYPRUS

After seven years as divided peoples on the same island the Turkish and Greek Cypriots seem no nearer to settling their profound differences. Some observers, however, detect glimmerings of hope that some form of communal rapprochement may be achieved after the elections which both sides are holding within the next few weeks.

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The only tangible achievement so far has been the agreement reached last month to set up a committee to trace people missing since 1974. That this has taken so long reflects the gap between the two sides, but as Mr. Hugo Gobbi, the UN special representative chairing the talks, points out: "With very wide differences on such complex issues there can be no quick solution."

He remains optimistic, however, and after the elections expects the talks to enter a more "creative" phase, with real discussion of the main issues. Next week he will be in New York discussing the Cyprus problem at the UN, and sees his role now as one of shuttle diplomacy.

He has said that he is ready to play a more active role once given the go-ahead by both sides; the indications are that he has. It is felt that rather than bargaining face to face across the negotiating table an intermediary is needed to submit specific proposals to each side individually. Concessions can then be made more easily. Both sides are aware that painful political decisions will have to be taken if a peaceful settlement is to be reached.

Both interlocutors, Mr. George Ioannides of the Greek side and Mr. Umut Onan on the Turkish side, hope for developments after the elections. Mr. Ioannides hopes for some initiative from Ankara while Mr. Onan hopes that a change in the balance of power in the Greek Cypriot Parliament will make the other side more conciliatory.

The Turkish Cypriots would favour a strong presence by the Greek Cypriot Right-wing Democratic Rally Party of Mr. Clerides, who is said to have good relations with Mr. Denktaş. They are more suspicious of the Communist Party AKEL, which to date has been the strongest party on the Greek side and is likely to remain so—but in fact very much in favour of the intercommunal talks.

Hopes are pinned on the Turkish Cypriots submitting proposals on territory which will allow the Greek Cypriots to make concessions on the constitution. The consensus is that after the elections, when both sides should be in a stronger negotiating position, there will be just a tiny glimmer of hope largely resulting from a coincidence of external but related factors.

Recent statements by Mr. Nicos Rodas, the Greek Cypriot Foreign Minister, and Mr. Constantine Mitsotakis, the Greek Foreign Minister, as well as by Western diplomats, all point to Ankara taking some initiative which will bring the two sides together. There has been nothing to confirm this either from Ankara or in Mr. Denktaş's recent pronouncements. But the fact that Mr. Mitsotakis said after his meeting in Rome this month with his Turkish counterpart, Mr. İler Türkmen, that the Cyprus talks would enter a "decisive phase" in the next few months at least indicates that the problem was discussed.

Dispute

This in itself is taken to be a change in that Greece has so far allegedly refused to consider the Cyprus problem as part of their bilateral differences, regarding it as a dispute between Turkey and Greek Cypriots. It has been said that Greece uses the partition of Cyprus as a lever against the Turks.

But relations between Turkey and Greece are seen to have improved since the military talks over in Turkey and Greece re-entered the NATO alliance and joined the EEC. Although they still have wide bilateral differences in the Aegean, there is a feeling that they may now be more disposed to settling other problems such as Cyprus and so remove at least one of the areas of conflict.

With elections coming up in the autumn in Greece and the distinct possibility that the

Rallis Government may be replaced by the Left-wing and decidedly anti-Turkish party of Mr. Andreas Papandreu, Turkey may be prompted to take a Cyprus initiative if only to bolster Mr. George Rallis' chances.

It is also argued that while Turkey has a major role to play in the Cyprus problem so too does Greece. Greek Cypriots feel that it has a moral obligation since it was the attempted coup by the Greek colonels' junta which precipitated the Turkish invasion. It should also, they say, be in Greece's interests to remove the threat of further Turkish expansionism.

Relations between Turkey and Greece are one reason why progress is expected in the summer months. Another is that Greek Cypriots have indicated that if there is no progress they will feel bound again to take the problem to the UN General Assembly in the autumn. But they realise that this will put the talks back and so hope for the good offices of the "superpowers." Cypriots always blame outside interference for their internal problems and yet the Greek Cypriots at least feel that it is only "superpower" influence which can solve the present impasse.

They feel that the West now has an interest in solving the problem after the unrest in the Middle East and the problems in Iran and Afghanistan. They therefore hope that the U.S. may now do what it has long been asked to do and exert pressure on Turkey as part of its efforts to stabilise the eastern Mediterranean flank of NATO at a time when conflict with the

Soviet Union looms in the Middle East.

It is the combination of these largely external factors which could conceivably achieve the necessary breakthrough in solving the Cyprus problem. But even if it does it will then be up to the two communities and it must be said that international pressures, such as the arms embargo against Turkey and the UN resolution calling for the withdrawal of Turkish troops, has been singularly unsuccessful in the past. Mistrust between the two communities remains the biggest stumbling block.

Cypriots and the Greeks in particular have to accept that although "outside influences" played their part, they too were responsible for the internal strife. The communities did not live together amicably before the intervention of the Greek junta and the Turkish invasion—as many Greek Cypriots now seek to claim. If they had been living together so peacefully, why then has there been a UN peace-keeping force in Cyprus since 1963?

Neither can the clock be turned back to pre-1974. Realities have to be faced and past differences buried if a settlement is to be found whereby the two communities can live peacefully together without Turkish troops to maintain the balance of power. It will be difficult in an environment where, whatever the conciliatory noises towards their Turkish brothers, the Greek Cypriots still believe in majority rule and the Turkish Cypriots mistrust the fairness of that rule.

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CYPRUS ECONOMY: Developments, Problems and Prospects—new avenues

In the period immediately after independence in 1960 and up to the Turkish invasion in July 1974 Cyprus was going through an era of fast and uninterrupted growth. The economy was continuously being modernised, exports were diversified and expanded, unemployment was eliminated, foreign exchange reserves were comfortable and all available indicators showed that Cyprus was going through a period of prosperity unparalleled in its long history.

The task of development was not of course easy. Cyprus is a small country with a small domestic market and limited natural resources. To overcome these constraints, Cyprus developed a highly integrated economy, introduced policies which ensured the efficient utilisation of the resources available and was thus able to build up a sound and viable economy.

The advance forward in the economic field was brought to an abrupt end by the Turkish invasion in July 1974. The occupation of almost 40% of the territory of Cyprus and the forcible eviction from their homes and peaceful occupations of about 40% of the Greek Cypriot population dealt a heavy blow on the economy and created serious problems of survival.

Suddenly, the Government found itself in a situation in which it had to assume responsibility for a large number of displaced persons who were entirely dependent on the state for their subsistence. The area occupied was the most productive and developed part of Cyprus accounting for about 70% of the economic resources of the country. Investments in fixed assets and the value of land belonging to Greek Cypriots and others (excluding Turkish Cypriots) in the occupied area is estimated, at 1974 prices, to be over C£ 2.5 billion. The tourist industry was heavily concentrated in this area with more than 65% of tourist accommodation capacity and 87% of the new capacity under construction, while a considerable part of industrial output originated in the occupied areas. The loss of Famagusta port, which handled 83% of general cargo, and the closure of Nicosia international airport in the buffer zone were additional blows.

As a result both the productive capacity of the economy and its ability to earn foreign exchange through exports of goods and services were reduced substantially. The resulting reduction in incomes, the disruption of intersectoral relations and the uncertainty prevailing resulted in a serious decline in economic activity in all sectors with cumulative effects. The gross domestic product dropped sharply as a result of the economic dislocation. Compared to 1973, the decrease in the gross domestic product by 1975 was 30% despite the partial reactivation which took place in the meantime. After a decade of full employment, unemployment assumed alarming proportions and created social problems of immense dimensions. The estimated number of unemployed (registered and unregistered) immediately after the invasion reached 86,000 or nearly 39% of the economically active population. The economy was dislocated, economic activity came to an almost complete standstill and Cyprus was facing an acute problem of survival.

In an attempt to tackle the social and economic problems created by the invasion, the emergency economic plans were introduced by the Government. The first two emergency plans, which covered the period 1975-1978, aimed essentially at eliminating the most immediate consequences of the invasion and occupation, that is, poverty, unemployment and emigration, while simultaneously creating the conditions and prerequisites required to set in motion the productive process which was disorganised and the reconstruction of the economy. The progress achieved has been impressive if one bears in mind the chaotic situation that existed immediately after the invasion. The most remarkable accomplishment during this period was the successful orientation of domestic production towards exports and the diversification of foreign markets. The annual rate of increase in exports of goods realised during the three-year period 1975-1978 reached an average of 32.5%. The annual rate of increase of the gross domestic product at constant prices, achieved during the same period, was of the order of 12.8%. The sectors which achieved the greatest increase in production were, in order of priority, construction (97.2% annually), manufacturing (18.3% annually) and wholesale and retail trade (18.2% annually).

Furthermore the increase in investment activity reached the level of 83% annually during the three-year period 1975-1978, while unemployment dropped to the level of 2% of the economically active population in 1978.

The creditable performance in the economic field has caught the imagination of

the outside world who have described the revival of the Cyprus economy after the invasion as an economic miracle. If by economic miracle is meant that economic collapse has been averted and that Cypriots have made the most of an extremely difficult situation, the description is accurate, but if on the other hand it is meant that the economic problems created by the invasion have been solved and that the preconditions now exist for self-sustained growth this is far from the truth. How, for example, can the problems of the displaced be definitely solved when they constitute 40% of the total population? How is it possible to replace the huge investments, equipment, the immense wealth of fixed capital, productive and natural resources under the control of the invasion troops? No doubt the results of reactivation have been impressive. But, it must be stressed, reactivation has been facilitated by a number of factors which are not likely to be permanent. Many of the problems have been alleviated but they still exist, and they are still serious and no easy solutions are in hand.

There is no doubt that most of these problems can be traced directly to the Turkish invasion and the occupation of part of Cyprus. With the achievement of full employment, growth is restrained by the lack of resources, natural resources, land and labour. The level of savings is low and insufficient for the development needs because of the high level of consumption, a situation which can be attributed partly to the fact that refugees started replacing their durables lost during the invasion. The composition of investment is unsatisfactory because of the need to allocate a large part of the resources for refugee housing rather than directly productive investment. In addition, in the effort to reactivate quickly after 1974, the question of optimality was in many cases disregarded, which has aggravated the structural problems of the Cyprus economy. The small size, the lack of specialisation and the low productivity of the productive units represent now serious obstacles to growth.

The international economic developments are also aggravating the situation. The slow growth of the world economy, the international inflation, the energy crisis and increasing international competition are affecting adversely the Cyprus economy. Thus the rate of growth has slowed down in 1979 (7.5% as against 10.2% during the previous year) and decelerated further (4.3%) in 1980. Local production is not in a position to satisfy demand. This fact in conjunction with the increase in the oil prices has resulted in an expansion of the import bill, at a rate higher than desired. Total imports for 1979 increased by 25.8% in 1979 and by 20% in 1980. On the other hand exports, due to a number of factors such as the general depression of international trade, the weather conditions which were unfavourable to the early crops and the restrictions imposed by the EEC, are facing keen competition in the foreign markets. Thus, while in 1979 domestic exports increased by 23.2% they registered a growth of only 14.7% in 1980. The above developments indicate that despite the satisfactory growth of invisible receipts, i.e. 28.3% in 1979 and an estimated growth of 21.6% in 1980, the current account deficit is widening. The deficit will be financed by foreign borrowing and by some reduction in the reserves. There is no doubt that the economy is facing a problem of overheating with undesirable destabilising effects. The rate of inflation has accelerated in 1979 to 9.5% and reached the level of 13.5% in 1980.

At the initial stages of this frame of problems and developments, the Government introduced the Third Emergency Action Plan 1978-1981. It is a plan which puts more emphasis on the maintenance of internal and external stability rather than growth and attempts to initiate a transformation of the economy by encouraging capital intensive technology. Moreover, it continues the policy of improving social conditions by consolidating the newly established social institutions. The plan attaches great importance to the expansion of exports as a main development strategy. It encourages foreign investment as a means of supplementing domestic savings and introducing to Cyprus higher technology, it promotes the development of Cyprus as a centre for the production and export of goods and services to the neighbouring countries, it commits the Government to the adoption of an acceptable prices and incomes policy to preserve the internal stability of the economy, it includes measures aiming at encouraging domestic savings, at reducing overconsumption and at increasing public revenue and thus reduce the dependence of the economy on foreign resources. It introduces an energy policy to reduce the dangerous dependence on oil and mitigate the adverse impact of the energy crisis on the balance of payments, it gives emphasis to investment activity with the introduction of new incentives, and promotes closer links with the European economic community.

It is realised, however, that under present conditions the achievement of fast rates of growth of the recent past is neither feasible nor desirable. Economic expansion in the future presupposes increasing quantities of investment and radical structural changes. This is the reason why the Government assigns great importance to the improvement of organisation and modernisation of the economy, the establishment of capital/technology intensive units and the stimulation of competition. Despite the present difficulties the economy has not lost its dynamism. The reinforcing factors that were responsible for the creditable economic record of Cyprus prior and subsequent to the invasion are still active to a higher or lesser degree and could be mobilised to generate growth in the long-run: (i) Unexploitable natural resources are still available in the free part of Cyprus. (ii) Arable land resources in the Government controlled areas can increase in supply through the utilisation of land which for various reasons remains uncultivated. Agricultural output can expand through the utilisation of presently unutilised surface and underground water resources. (iii) The capital stock being a mobile resource can to a very large extent be replaced in the long-run and can substitute to a certain degree for the deficiency in the natural resources available. (iv) Labour supply can increase in the long-run despite the withdrawal of the Turkish Cypriot labour force, loss of life and the emigration noted. These drawbacks can be counterbalanced by drawing on the excess labour supply in the agricultural sector, the greater participation of women in the labour force, the repatriation of recent emigrants and permanent emigrants in countries abroad. (v) The adaptability displayed by the entrepreneurial class under the adverse conditions of the period 1974-76, as well as their high educational level constitute factors capable of contributing positively towards the effort of restructuring the economy and restructuring domestic production towards the desired direction. (vi) The location of Cyprus vis-a-vis the markets of the Middle East and Africa constitutes an additional asset to be exploited for the expansion of exports and the development of entrepot trade. The location of Cyprus combined with the comparatively lower price level in general compared to Europe and other competitive countries and coupled with the institutional facilities offered are bound to play a major role in the growth process.

However, the more efficient mobilisation of the reinforcing factors and the more effective tackling of the existing problems are inextricably interwoven with the solution of the political problem. But not with any solution. Our experience so far undoubtedly shows that a solution based on the creation of two separate economies for such a small country like Cyprus is disastrous. Because of its small size and uneven distribution of natural resources the island had, of necessity, an interdependent, integrated and balanced economy. The present state of affairs has created many problems and has caused so much misery to all the inhabitants of Cyprus. It is the segregation, this imposition of artificial barriers between the two communities, as well as the presence of an invading army which is causing most of the difficulties. The aim therefore must be to promote a just solution. A solution which would serve the real interests of the people of Cyprus should safeguard the viability of the country as one economic entity. A unified economy is the only hope for economic survival.

In August last year, the intercommunal talks resumed for the purpose of finding a lasting solution to the Cyprus problem. Nine months have passed since then but a solution is nowhere in sight.

One obstacle to progress in the intercommunal talks is the Turkish Cypriot side's attitude. Although it had been agreed before the start of the talks that the sides would submit substantive proposals on the various aspects of the Cyprus problem, the Turkish Cypriot side has failed so far to put forward its proposals on the crucial territorial issue.

Moreover, the Turkish Cypriot leader, Mr. Rauf Denktaş, has recently been claiming that, as far as he was concerned, there is to be a "border" separating the two communities—a provision that would undoubtedly lead to the partition of the island.

However, the Government of Cyprus cannot accede to the legalisation of partition for this would spell disaster, both politically and economically, for all the inhabitants of Cyprus including the Turkish Cypriots.

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THE ECONOMIES

Problems to overcome in sustaining recovery

GREEK CYPRIOT
MARGARET HUGHES

THE GREEK Cypriot economy has shown a remarkable recovery since the partition of the island in 1974 and the loss of some 70 per cent of its economic and natural resources.

Declines in Gross Domestic Product (GDP) of 18 and 20 per cent respectively during 1974 and 1975 were reversed into annual growth rates of around 20 per cent over the next two years. The entrepreneurial spirit of the Greek Cypriots survived intact, business confidence returned, and with it a sharp upturn in investment. By 1979 economic activity had reached record levels. Unemployment, which approached 25 per cent in 1974, had been virtually eliminated and a large number of refugees re-housed. Average income had risen by nearly 45 per cent in real terms.

But although it is still doing well by international standards the economy is now running into problems. These, according to Mr. Chris Stephanou, governor of the central bank, are largely the result of the expansionary monetary and fiscal policies which were pursued to get the country back on its feet. "The economy is now back in the same position as it was in 1973," he says. "The Turkish invasion took care of the problems of cruel over-heating. This time the Cyprus Government has to take the necessary action."

Economic growth, which had been slowing down anyway was substantially lower last year. Private sector investment was at a standstill. Inflation reached double figures for the first time and the trade gap widened sharply—as did the budget deficit. Early last year the Government took measures to cool the economy after consultations with the International Monetary Fund (IMF) which authorised a stand-by arrangement equal to \$10.5m—and has had some success.

Since 1974 the economy has undergone major structural changes mainly because of the loss of a large part of the agricultural land which had been the mainstay of the economy. The industrial and services sector became increasingly important in an effort to provide jobs for the 180,000 refugees displaced from the north although agriculture, which before had employed 40 per cent of the

labour force and contributed 20 per cent of the GDP, remains the largest employer but now accounts for only 27 per cent of jobs and 10 per cent of GDP. Manufacturing, accounting for 18.3 per cent of GDP, 69.3 per cent of exports and 22 per cent of employment, is now the main growth sector, having last year overtaken even the construction industry.

Manufacturing is predominantly in export-oriented light industries in the hands of small privately owned companies. Most of them employing less than 20 people. Major exporters include Covostis Textiles and Jey Kabis in clothing, Apollo Industries, Loizides and Avramides Tanneries and Ariston EYV in footwear. The major food exporter is Cyprus Canning while Keo is the leading wine and spirits, beer and soft drinks company.

Services are also a major contributor to the economy, particularly tourism, now the largest single invisible earner. Receipts from invisibles are in fact higher than the value of exports.

The reactivation of the economy after 1974 was implemented through a series of emergency action plans whose emphasis has switched from the initial priority of creating jobs and replacing lost production to exports and capital-intensive production. But while previous plans have generally surpassed targets there have been major deviations from the current plan.

Last year GDP rose by 4.3 per cent, down from 7 per cent in 1979 and 13 per cent in the previous year. Manufacturing showed the biggest rise—7.1 per cent. Inflation, traditionally low in Cyprus, was running at 13.5 per cent last year.

Since much of the inflation is imported, and results from dependence on imports of oil and other raw materials, there is limited scope for reducing it. The Government has therefore concentrated on trying to cut domestic demand.

But higher wages, not matched by increases in domestic output have boosted demand. Consumer spending last year rose by 22 per cent. Since price indexing of wages was re-introduced in 1976 wage increases have averaged 20 per cent—workers' incomes are estimated to have more than doubled in four years. Labour productivity meanwhile has failed to keep pace, increasing by only 3 per cent in 1980.

Early last year the Government imposed a credit ceiling on lending to the private sector. An effective interest rate

policy is inhibited by the maximum rate of 9 per cent set decades ago, under a law which the Government is now finally attempting to change. It also raised import tariffs on selected items, especially consumer goods.

Measures were taken to reduce the budget deficit by increasing Government revenue through taxes on fixed property and capital gains, with the result that direct taxes accounted for 46 per cent of revenue last year against 38 per cent in the previous year. At the same time efforts were made to reduce Government spending.

Price control mechanisms have been strengthened, and attempts have been made to reach agreement with industry and the trade unions on a prices and incomes policy.

Tendencies

Higher inflation is beginning to reduce the competitiveness of Cypriot exports. Combined with the decline in world trade and associated protectionist tendencies in its main markets this has helped widen the trade gap. The deficit last year was £209.2m, up from £171.7m and £133.4m in the previous two years, a worsening situation also due to the continuing high level of imports.

Imports last year totalled £381.5m. Although the rise in imports at 18.5 per cent was higher than that of exports it was substantially down on the rise of 26.5 per cent in 1979. This was largely due to the Government's economic measures which changed an import increase of 37 per cent in the first half of the year to a decline of 9.3 per cent in the second. It was mainly the result of a drop in consumer goods imports but also reflected a decline in raw material imports because of sluggish economic activity. The biggest item was oil, which at £177.5m accounts for 46 per cent of total imports.

The rise in exports was also lower last year—15.3 per cent against 26 per cent in 1979. The lower rate was mainly due to stagnation of agricultural exports resulting from lower international prices. Industrial exports, despite losing some of their competitive edge, still increased by 20 per cent—at the same time accounting for 71 per cent of total exports. Total exports including re-exports amounted to £172.3m last year.

Despite the continued rise in the invisible surplus last year, which rose from £299m to £126m, the current account deficit widened by 21 per cent

to £388m. Foreign loans and credits, however, produced a small balance of payments surplus of £33.3m. Reserves stood at £338m at the end of December, covering about four months' imports.

Foreign borrowing increased last year, largely to finance the current account and budget deficits, with external debt increasing at a percentage of national income to 21.7 per cent. The debt service ratio, although rising, is a mere 7.4 per cent, low by international standards.

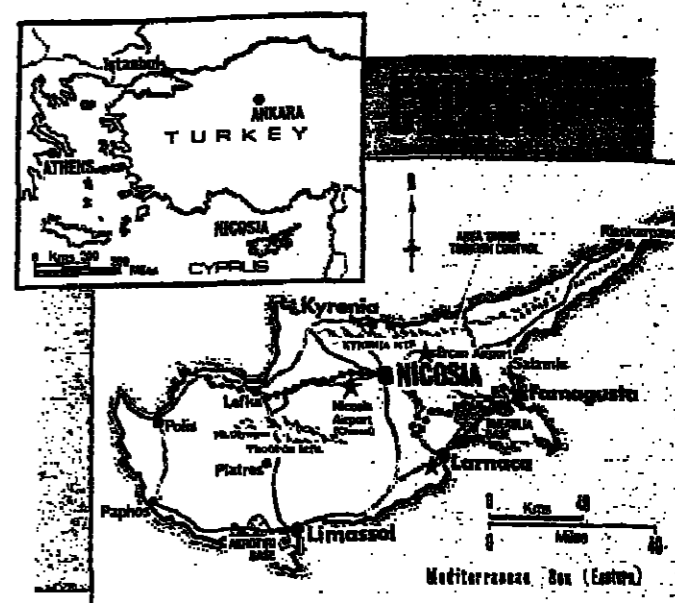
The scope for reducing the budget deficit—which last year increased to £335.5m, representing 4.9 per cent of GDP against a 2 per cent average in the early 1970s—is limited by the high proportion of expenditure still devoted to the refugee housing programme and infrastructure. Further expenditure will continue for the next two years or so.

The Government expects the fiscal measures taken last year to yield more revenue this year, although tax concessions introduced in April will reduce the impact. Credit policy will continue to be restrictive and more selective with the aim of keeping the increase in the money supply to the 14 per cent achieved last year. It also hopes to agree a price and incomes policy after the elections and is attempting to formulate an energy policy.

The inflation rate was down to an annual rate of 11.7 per cent in the first three months and provided there are no further oil increases is expected to be around 13.5 per cent for the year as a whole. GDP is expected to grow by around 4 per cent.

With a shortage of labour in some sectors—despite a marginal rise in unemployment last year—the Government is anxious to encourage capital-intensive export-oriented industries. It is also anxious to change the structure of business ownership by encouraging private companies to go public, smaller ones to merge and the public to invest in industry. In April it introduced tax incentives to encourage this. The feasibility of establishing a stock exchange is also being investigated.

Rules governing foreign investment are being reviewed to attract know-how and technology and a free zone will be opened in a few months at Larnaca. The Government is also keen to expand Cyprus' role as a services centre for the region—particularly the Middle East, which has already replaced the EEC as Cyprus' largest export market.



Progress seen in all fields

TURKISH CYPRIOT
METIN MUNIR

THE TURKISH Cypriot economy is six years old. It was born in 1974 when Turkey intervened on the island and created a de facto bi-communal island of separate Turkish and Greek Cypriot entities with virtually no social or economic exchanges.

Before this event Cyprus' economy was almost completely dominated by the Greek Cypriots. Turkish Cypriots, smaller in numbers and infinitely weaker economically, lived in small impoverished villages or behind barricaded urban enclaves, far from the Government, administration and economy during the 11-year-old long intercommunal strife which erupted in 1963. The community relied to a large extent on cash aid from Turkey to survive. Turkish Cypriots took little part in economic activity outside agriculture. Turkish Cypriot capital in booming sectors like tourism, trade, manufacturing and construction was negligible.

After the intervention the situation changed dramatically when the Turkish Cypriots suddenly found themselves heirs to the economic wealth left behind by 180,000 Greek Cypriots who fled to the south.

The "Turkish Federated State of Cyprus"—it is not internationally recognised but is a mini-state in many ways—was proclaimed and took charge of the north. Greek Cypriot businesses, land and homes were distributed to 45,000 Turks who emigrated from the south and to new settlers from the Turkish mainland. (Their numbers are variously estimated at between 20,000 and 40,000.) Manufacturing plants and hotels were either turned over to newly established state companies or to private concerns.

Despite all accusations that we are wasters the Turkish Cypriots have made progress in all fields," said Mr. Rauf Denktaş, the Turkish Cypriot leader evaluating the economic position of his community. "The Turkish Cypriot community has never had it so good. We are at the zenith."

Compared with the Turkish Cypriots' pre-1974 situation this assessment may be correct. However, along the way the economy has accumulated many problems which halted economic growth in 1980 and threatens to do so this year as well. The official chain index of Gross Domestic Product (GDP) shows a sharp downward trend. In 1975 and 1976 GDP grew by 82 per cent and 81 per cent respectively mainly as a result of large infrastructure investments made by mainland Turkey. GDP growth further declined from 7.3 per cent in 1977 to 4.3 per cent in 1979 and was minus 0.1 per cent in 1980. There is a decline in almost every field," lamented a Turkish Cypriot planner.

Occupation

The principal occupation in the north is agriculture. Last year the sector accounted for 20 per cent of GDP, over 40 per cent of employment and 82 per cent of commodity export earnings.

Citrus fruits constitute the single most important product (127,000 tonnes in 1979) and make up three quarters of exports. A \$40m irrigation project in the north west citrus region will start this year to tap rainwater and alleviate the adverse effects of the salination of the underground reservoir.

Manufacturing activity is small and accounts for under 10 per cent of GDP employment and exports. The sector suffers from undercapitalisation, outdated equipment and difficulties in obtaining imported inputs as a result of the shortage of foreign currency.

Tourism contributes less than 4 per cent towards GDP but is the biggest single currency earner. Since 1977 tourism revenues have been in excess of the foreign trade deficit and were the equivalent of \$33m in 1980 (the trade deficit was

\$31m. The number of tourist arrivals was 84,500. Most came from the Turkish mainland and visited the island to buy commodities not available in Turkey. Tourist development is impeded by the fact that the north has direct air and sea links only with the mainland and has difficulty in attracting European tourists.

The north has also been undermined by the successful Greek Cypriot "economic blockade." The Greek Cypriots have blacklisted the new Turkish Cypriot airport at Ercan and declared Famagusta an "illegal" port. They have also brought pressure abroad to block the north's telecommunications, trade and tourism.

Meaningful

The Turkish side also suffers from not having a central bank and from using the Turkish mainland lira as legal tender. The administration consequently has little means of implementing a meaningful fiscal policy or protecting the north's economy from the continuous depreciation of the Turkish lira.

The principle economic problems in the north are hyperinflation and large balance of payments and budget deficits. The year-to-year rate of inflation was 124 per cent in February 1980 and 70 per cent in February 1981. Deficit financing and inflation imported from mainland Turkey, where frequent devaluations are made, are the two main causes of this high rate. In 1980 only half of budgetary expenditure was met through local revenues. The other half was financed by Turkey and bank loans.

Budgetary expenditure in 1980 is targeted to be the equivalent of some \$67m, of which more than half will be financed by Turkey. Five-sixths of the expenditure is current, mainly going to finance an expensive civil service.

The balance of payments picture is not bright. In the four years between 1977 and 1980 imports shot up from £1,500m to £7,000m (\$70m) and exports from £4,500m to £3,500m (\$35m). The foreign trade deficit is covered by Turkish grants and black market foreign currency. This latter pays for nearly half of imports from countries other than Turkey.

The high rate of inflation and higher interest rates in Turkey (7 per cent for a year's sight deposit compared to 37 per cent in Turkey) has led to the flight of money from the island to Turkey. Even Turkish Cypriot banks are either converting into foreign currency or depositing with mainland banks. This has diminished to a great extent funds locally available for investment and constitutes one of the main reasons for the decline in growth.

The Government has promised to take stabilisation measures following next month's general elections. The measures are likely to be a carbon copy of those taken in Turkey last year, reducing government expenditure and interference. Interest rates are expected to be increased and efforts made to reduce current budgetary expenditure.

Short-term prospects are not bright, however, and the Government's target of attaining a 7 per cent annual growth seems ambitious. It will not be easy to retrieve funds which fled to Turkey and the inflow of aid from Turkey may be limited in view of Ankara's own economic problems. In any case the Government can do little because its scope for manoeuvre is strictly limited by the political status of the north. Its isolation, the Greek Cypriots' effective "economic blockade" and other political impediments. The north has made significant progress in six years. But annual per capita income at about \$1,000 is half that of the south and disparity is growing. This disparity—as more and more Western powers are beginning to realise—is one of the biggest obstacles in the way of a settlement of the Cyprus problem. Many believe that economic pressures are leading the island towards unity but some Turkish Cypriots express fears of being swallowed up by the economically more powerful Greek Cypriots.

Both sides seek to adjust to territorial split

TOURISM
MARGARET HUGHES
METIN MUNIR

BEFORE THE Turkish invasion Cyprus had a booming tourist industry based on the north of the island and run entirely by Greek Cypriots. The two main resorts were the Varosha area of Famagusta on the east coast, with probably the best beach in Cyprus, along which the Greek Cypriots had built a strip of high-rise hotels, and the more picturesque fishing village of Kyrenia on the northern coast. The 1973 season had seen a record 264,000 tourists.

With the partition of the island the Greek Cypriots lost both resorts with over 70 hotels and were left with only 4,000 tourist beds compared with 17,000 before.

But despite having lost these prime resorts the Greek Cypriots have established in the southern part of the island a thriving tourist industry which

in financial terms outstrips the pre-partition days. Tourism is now centred on Larnaca and Limassol, which are the two biggest resorts, on the prettier Ayia Napa below Famagusta and at Paphos.

There are now nearly 11,000 beds in 102 hotels in the southern part of the island. By 1979 the number of tourists had passed the previous record to reach 297,000. With only 9,200 or so beds occupancy rates have been high, averaging 60 to 70 per cent and as much as 80 per cent at the seaside.

Increased

Last year the number of tourists increased to 383,000 and another 1,727 beds were added. This year the Cyprus Tourism Organisation (CTO) is expecting 390,000 visitors.

There are currently another 6,954 hotel beds under construction and by 1983 the tourism authority aims to have as many beds as before 1974—17,000. By then tourist arrivals should have hit the 500,000 mark, which is a 1:1 ratio with the population. Mr. George Michaelides, a CTO official, reckons is enough.

Revenue from tourism, which

before 1974 totalled £23.6m (\$60m) recovered to almost the same level by 1977 and has been rising ever since to last year's record £70.5m. This represented the equivalent of 41 per cent of total goods exports against 33.5 per cent in 1979.

This year the tourism organisation is anticipating revenues of £90m.

Visitors from Britain—20 per cent of them Greek Cypriots with British passports—still constitute the largest number of tourists, although their share is declining to a current 33.8 per cent. The increase from this quarter last year was only some 5 per cent. Sweden is now the third most important market with an increase last year of 163 per cent with 30,597. Greece is second with 33,586.

Cyprus sees Sweden as a major growth market along with Germany and Austria, made all the more attractive by the fact that tourists from these countries tend to visit in the off season. Cyprus is anxious to extend its tourist season as much as possible and claims to have already done so from a previous 67 months to 10.

In the north tourism consti-

tutes the single biggest source of tourism revenues. But the region's earnings are nowhere near what they were before the island was split in 1974 or what the south is now earning.

In 1980 the north received 84,500 tourists (22 per cent less than in the previous year) and earned the equivalent of \$35m (35 per cent higher). The number of tourists received by the south was more than four times higher and its earnings more than five times greater.

The composition too is very different. About 80 per cent of the tourists who came to the north last year were mainland Turks who visit the island mainly with the purpose of buying goods not available in Turkey. The money they bring is Turkish currency. The average Turkish tourist is believed to arrive with £240,000 (\$400), of which more than 60 per cent goes towards buying commodities which are imported against hard currency.

Prospects for rapid expansion of the north's tourism as far as non-Turkish tourists are concerned are not in the short run encouraging. Although strenuous efforts are being made by both the administration and private tour agents the tourist industry suffers from a lack of regular air services with countries outside Turkey.

Turkish Cypriots have one of the most modern and better equipped airports in the eastern Mediterranean—the post-1974 Ercan—but the Greeks have successfully prevented airline companies other than the Turkish Airlines from using it. Ercan is not accepted by ICAO as an international airport since it is not approved by the recognised Cyprus Government.

A British House of Lords decision confirms continuing Greek Cypriot ownership of their hotels in the north. Curiously enough, it said that tourists if they entered the hotels, but could be sued for using the fixtures and fittings—hence the small print "in Turkish Cypriot advertisements saying these fixtures and fittings have been changed."

However, more and more foreigners—mainly Italian, German and British—are finding their way to the north of the island and the authorities expect the numbers to increase.

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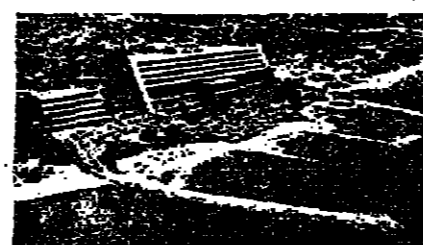
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An occasion of several firsts

GREEK ELECTIONS

MARGARET HUGHES

IN THREE days time the Greek Cypriot electorate goes to the polls in its first real election. It will be the first since the death of Archbishop Makarios, the first using a form of proportional representation and the first with a wide choice of parties and candidates.

Since the death of President Makarios, who dominated Cypriot politics for 17 years following independence, there has only been one election and that was effectively fixed before it happened. A deal was struck and the seats shared out by the Democratic Party (DEKO) of President Kyprianou (Makarios' constitutional successor), the Communist Party (AKEL) and the National Democratic Union Socialist Party (EDEK).

This alliance was formed to keep out the Right-wing Democratic Rally Party of Mr. Glafkos Clerides, which was accused of having too many members suspected of participating in the anti-Makarios coup of 1974. DEKO had 21 seats, AKEL nine and EDEK four, with the remaining seats held by an independent Mr. Tassos Papadopoulos, who has since formed his own party. The Rally Party has no seats despite polling 25 per cent of the votes.

Competing

Until the present election these were the only parties. Now there are another three in the centre and basically competing directly with the President's own Centre-Right DEKO party from which many of the new parties' members have recently defected.

The new parties reflect the general disenchantment with Mr. Kyprianou's performance in office and are seen as the first round of the next presidential elections which will be held in February, 1983. Given the personalised nature of Greek Cypriot politics all the party leaders, with the possible exception of AKEL's Ezekias Ioanninou, are presidential contenders.

Mr. Kyprianou has been under attack from all parties. He is said to lack charisma but then so would anyone who followed Makarios. He is attacked for being weak and indecisive and for failing to adjust economic policy to changing conditions. But most of all he is criticised for failing to achieve anything at the intercommunal talks. Even AKEL publicly has attacked him for this and formally withdrew support for him at May—although they later topped their attacks once Kyprianou resumed the talks. He is also criticised for not bringing to trial those suspected of participating in the anti-Makarios coup.

Mr. Tassos Papadopoulos has formed the slightly Right-of-centre and pro-Western Centre Union Party. He is the most experienced of the new party

leaders. He was a member of the first Makarios Cabinet when he became Minister of Labour at the age of 24. He was also for a short time president of the House of Representatives during Makarios' exile and at one time Greek Cypriot negotiator in the intercommunal talks. Although at one time No. 2 in Clerides' party, he does not have the same obvious support associations as Clerides. Among his candidates at the election are three former Makarios Ministers.

The New Democratic Party, which has similar political leanings, was formed by Mr. Alecos M. Mavrides, president of the House of Representatives. A successful businessman, he is known to be a good organiser and planner, but with limited political experience. A friend of Archbishop Chrysostomos, he and his party are said to represent the island's powerful Church, though this is denied by both.

The other new party, slightly Left of centre, is the Pan-Cyprian Renewal Front (PAMF) formed by Mr. Chrysostomos Sofianos. The youngest of the party leaders, he is a former Minister of Education, appointed by Makarios in 1975 but ousted by Kyprianou last year amid strong protests by AKEL.

All the new parties are in the centre and all claim to represent what Kyprianou has failed to provide—an alternative to the extreme Right or extreme Left which has polarised the essentially middle-of-the-road electorate into two camps. The new party leaders of the established parties are dwelling too much in the past and not getting on with a realistic future.

But it is by no means obvious that the Greek Cypriot population are themselves ready to forget the past. Most political pundits expect the old guard politicians to dominate the new House. Since this is the first time that the electorate has had a real choice and given that the form of proportional representation is rather complicated to one apart from the party leaders—is making firm predictions.

Handicap

Only parties which have either polled 10 per cent of the votes or have an elected candidate and polled 8 per cent in the first allocation—which will be on the basis of a proportional minimum of votes—are entitled to go on to the second round. This will be a distinct handicap for the smaller parties.

No one expects any one party to emerge with a majority of the 35 seats—the further ones are still reserved for Turkish Cypriots. Opinions are split between AKEL or Rally on getting the largest number of seats, following by DEKO and then EDEK with the new party leaders winning their own seats, at most. But in the latter weeks of the campaign, Mr. Kyprianou's party is said to be gaining support particularly in the villages, which account for some 40 per cent of votes, and where the new parties have less pull. At the end of the last Parliament DEKO had only

eight following mass defections. Both AKEL and Rally are said to command about 30 per cent of the votes. AKEL is the oldest (founded 60 years ago) and by far the most organised of the political parties. With the backing of the powerful PEO trade union it is in percentage terms the largest Communist Party in Europe.

Its Marxist-Leninist platform seems strangely out of place in Cyprus' capitalist-orientated and staunchly Greek Orthodox society. It denounces Eurocommunism yet works very much within the Parliamentary system itself. Led by Mr. Papaioannou, a 73-year-old austere puritan, its policies are modest in comparison with that of EDEK, headed by Dr. Vassos Lyserides and composed largely of the professional classes and intellectuals.

EDEK's political platform is thought to be too radical for this essentially middle-class community but were the voting age to be lowered to 18 it could expect stronger support. It has made much of Mr. Mitterrand's victory in France.

Ambitions

Mr. Glafkos Clerides, the Western former acting President and former negotiator in the intercommunal talks—with reportedly good relations with Mr. Rauf Denktaş—has strong support despite the fact that his party is still tainted with its EOKA associations and is still accused of Enosis ambitions. He has been repeatedly attacked during the campaign for displaying Greek rather than Cypriot flags at his election rallies. Much of his support is attributed to the fact that to many people, he is the only alternative to the Communists.

Mr. Kyprianou is expected to run his full term of office to 1983 whatever the outcome of the elections. If the DEKO party does not itself put up a good showing Mr. Kyprianou may in any case have to adjust his policies if he is to get the support he needs to get his legislation through the House.

Most people expect this support to come again from AKEL, though at this stage the Communists are making no such commitment. If they do not, there seems little chance of getting the backing of the Rally Party—though if the political pundits are proved wrong and the other parties do well he may well look elsewhere for future allegiances.

But the man who dominates these elections is still Makarios, each party in its own way making much play of past associations with Makarios' "guidelines." The main issue, despite some expounding of economic policies, is the Cyprus problem. The Communist Party has long said that liberty of the island is the first priority and only after this has been achieved will it present its programme for a Socialist State. It is the party most in favour of building up contacts with the Turkish Cypriots, though all except EDEK support the present series of intercommunal talks.

Memories combined with realism

GREEK COMMUNITY

ANDREAS HADJIPAPAS

GREEK CYPRIOTS have made big strides over the last few years as they worked to forge a future based on new concepts, new economic and social conditions, and, for many of them, new surroundings.

Yet all the time they have had to "live" with the past—memories of how Cyprus used to be until seven years ago, yearnings and distant hopes that everything can be "put right" again, that the present de facto partition is not here to stay, that they will be seeing their former homes again "if not this year then perhaps the next."

Many of them realise such hopes are unrealistic. Some are frustrated and disillusioned with the whole world. The Russians and the Americans seem to have more pressing problems. The resolutions of the United Nations, the non-aligned and the Commonwealth sound superb on paper but have little practical value. "No-one seems able to move the Turks from our homes in the north, so why carry on with a futile struggle?" is the cry.

But the politicians—and they

have become numerous recently—assume them otherwise. "We will never write off the inalienable rights of all the refugees to return to their ancestral homes," is the motto repeated by each and every of the seven political party leaders. So the "Cyprus struggle" has to continue.

Most of the 180,000 Greek Cypriots displaced by the 1974 conflict have found new jobs in the south. Hoteliers from the tourist resorts of Famagusta and Kyrenia have set up new enterprises in Limassol, Larnaca, Ayia Napa and Paphos. Displaced farmers from the Massaria plain and citrus growers from Morphou have been given new land and helped to reactivate themselves.

Settlements

The poorer refugees have been given aid to build new homes or have moved into the many refugee settlements built by the Government with foreign assistance. They have new friends, new neighbours, new surroundings. Life goes on.

As the years go by and round after round of intercommunal talks fail to produce a solution or even some positive result, the refugees have had to get settled in the new surroundings, improve their dwellings, expand their business and make

Hopes of a small democracy

TURKISH ELECTIONS

METIN MUNIR

THE Turkish community in Cyprus is one of the smallest democracies in the world. The population is officially said to be 150,000; there are 80,000 electors and eight political parties covering the entire spectrum from the extreme Left to the extreme Right.

Elections are due to be held next month — for the second time since the "Turkish Federated State of Cyprus" was proclaimed in 1975 for a new President and the 40-member House of Representatives.

The political scene is dominated by Mr. Rauf Denktaş, the 57-year-old veteran Turkish Cypriot leader, who is virtually certain to be re-elected "President" for another five years. His party, the centre free enterprise National Union Party (NUP) is expected to win also but may lose its present five-year-long majority. In the last election the party won 30 of the 40 seats in the House, but over the years it

has splintered and lost much of its gloss because of its failure to come to grips with the economic difficulties in the north.

Mr. Denktaş appears to retain the support of Ankara whose 17,000 troops on the island exert a quiet restraining influence on community politics.

Mr. Alpay Durduran's Communist Liberation Party (Left Centre) and Mr. Ozer Ozgur's Republican Turkish Party (pro-Moscow) are expected to increase their representation. The Democratic People's Party (liberal) under Mr. Nejat Konuk, the former Prime Minister, is also expected to win several seats.

The other four parties do not have representatives in the House. Three of them were formed by settlers from the Turkish mainland and are right-wing.

With so many parties the electorate may be split and no party may win a clear majority. This will force Mr. Denktaş to form a coalition government.

Mr. Denktaş's second tenure will be his last under the Turkish Cypriot constitution, which bars "Presidents" from serving more than two terms. Mr. Denktaş says that he will retire and devote himself to photography.

Trade dominates other considerations

EEC RELATIONSHIPS

JOHN WYLES

THERE IS considerably more to the EEC-Cyprus relationship than the occasional much publicised rows about access for Cyprus potatoes to the Community market. Cyprus' ties with two EEC members, the UK and Greece, are historical, cultural and in one case linguistic, while its strategic importance as an Eastern Mediterranean military base remains undeniable. Its domestic difficulties between local Greek and Turk are a microcosm of a broader antagonism between a Community member (albeit a recent one), Greece, and an ally, Turkey, which aspires to Community membership. Finally, Cyprus is a country which looks westward by instinct and whose commercial development has been solidly based on access to markets, particularly Britain.

Inevitably, trade has dominated the agenda, although the Cyprus Government has wished for a more energetic effort by the Community to help it

resolve its internal problems following the Turkish invasion of part of the island in July, 1974. It has consistently felt that the Community could do more to urge compromise on the Turkish Government and also to work harder for the deeper involvement of the UN Secretary General in the search for a solution.

For its part the Community appears to believe that it has made all the diplomatic noises that can be expected of it. It has recognised the Greek Cypriot Government currently led by President Spyros Kyprianou as the legitimate government of the Republic of Cyprus and has asserted that the basic principles of the relationship with the divided island are derived from a statement of 1974.

This was designed as a warning to all parties in the Cypriot dispute that the island's association agreement with the EEC would be jeopardised either by the removal of the independence or territorial integrity of Cyprus or by a denial of the advantages of that agreement to any section of the population.

Meanwhile, EEC member states have repeatedly called for a negotiated solution

between the two Cypriot communities while the Commission has tried to maintain a diplomatic evenhandedness by receiving on two occasions the leader of the Turkish-Cypriot community, Mr. Rauf Denktaş.

The association agreement itself has failed to go according to plan—nothing new for this type of agreement. Like the counterpart which the EEC has with Turkey and had with Greece before its membership, it aims at a phased approach towards a customs union based on the elimination of all tariff barriers between the EEC and Cyprus and the alignment of Cypriot and Community profits on imports from third countries.

Dependence

Quite apart from the fact that Greece and Turkey had similar agreements with the Community, association was vital for the future of Cypriot trade because of its huge dependence on the British market. Thus after the UK's treaty of accession was signed Cyprus began negotiations on an association agreement which was signed on December 19, 1972. At that time some 43.6 per cent of its total exports went to the UK and only 17.5 per cent to the Community of Six. Cyprus needed therefore a fairly rapid reduction in EEC tariffs in order to preserve its Britain-dominated export trade.

The agreement envisaged establishment of a customs union over a 10-year period in two stages. The first stage provided for the reduction of tariffs on industrial goods, which in total accounted for only 12 per cent of all exports to the EEC.

Agriculture was of far greater interest to Cyprus, which was granted a 40 per cent reduc-

tion on citrus fruit exports and allowed to continue to benefit from the preferential access it had long enjoyed to the British and Irish markets.

The first stage of the agreement expired on June 30, 1977, but was extended on two occasions until the end of last year. Progress has undoubtedly been hindered by the social and economical upheaval following the Turkish invasion. However, Cyprus has continued to secure fresh tariff concessions from the EEC. Thus the Community has abolished its tariffs on Cypriot manufacturing tariffs under a 1977 protocol and granted preferential tariffs quotas for the island's cherries, wines and a range of fruit and vegetables.

The second stage programme for dismantling all tariffs is now being delayed by the EEC's re-examination of its Common Agricultural Policy as part of its budget-restructuring exercise.

The delay, about which France has been particularly insistent, makes sense from the Community's point of view but is worrying to Cyprus and to other Mediterranean agricultural producers who are heavily dependent on selling into the EEC.

The Community's dilemma is that it has both legal and moral commitments to allow access for various products, particularly fruit, vegetables and wine, of which it already has a domestic surplus. The latter will grow bigger after Spain and Portugal gain membership. It appears virtually certain that the EEC will seek to contain these third country imports during a period while it attempts to cutback on excessive domestic production.

This could put the date of a final customs union with Cyprus even further into the future.

Following an agreement last November Cyprus has an understanding from the Community to start negotiations in June on the trade arrangements which will apply in 1982-83. There is no brave talk now of a customs union or even a definite second stage of the association agreement but of "entering the process into the second stage."

Meanwhile, Cyprus is successfully buying and selling in other markets. In 1973 it imported 257m of goods from the Community—55.2 per cent of its total imports. By 1979 its imports from the rest of the world had risen by 127 per cent, but by 95 per cent from the Community whose £169m of sales had become only 47 per cent of Cypriot imports.

Patterns

The change in export patterns is even more marked. In 1973 62 per cent or £31.8m went to the EEC. By 1979 exports had grown by 62 per cent to £51.6m but because total Cypriot exports have risen by 148 per cent, the Community now takes only 40.43 per cent of total overseas sales.

Some Cypriots are concerned about implications for future relations of this trend. Anti-EEC feeling is strong among Left-wing parties and is said to be encouraged by a weakening of trading links. Among the Greek population attitudes are also somewhat sensitive to the administration of the EEC-Cyprus financial proposal signed in 1977 and making available £10m in grants and loans over five years.

The Turkish population of the island stands to gain from the protocol for the first time as a result of EEC financial support for a large sewerage project covering the Greek and Turkish quarters of Nicosia.

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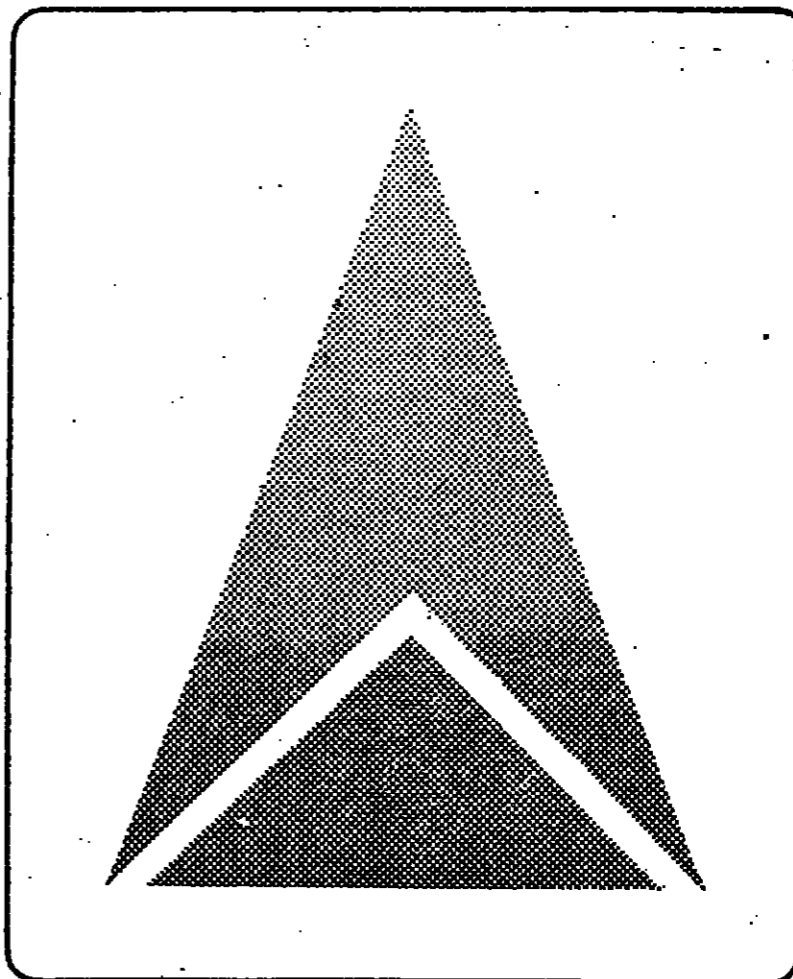
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CYPRUS IV

Arguments about the sovereign bases

STRATEGIC ROLE

MARGARET HUGHES

CYPRUS is a hotbed of political intrigue and foreign military operations, if the Left-wing Press there is to be believed. According to Western diplomats Cyprus has little strategic importance. So how strategically important is Cyprus either as a listening post or as a military base?

One of the issues of the current election campaigns, particularly of the Left-wing parties, is the two British Sovereign Base Areas (SBAs) which Britain retained after the island's independence in 1960. They occupy 99 square miles of prime land. One is at Dhekelia in the south east close to the dividing line between the two communities; the other is on the south coast at Episkopi west of Limassol, with the adjoining RAF base and airfield at Akrotiri.

As sovereign bases they are

purely British territory — and indeed look very much like Little England, with sprinklers on the cricket pitch and rows of neat semi-detached houses. The Cyprus Government has no control over them, a situation which irks those who are committed to a non-aligned Cyprus. The latter add, of course, that they would not want Soviet bases on the island, either.

They are equally concerned that the bases are being used for operations other than those specified in the treaty of establishment which limited their use to British forces only. Use by NATO and American forces in particular are recurring complaints.

It is true that Akrotiri is used by the U.S. for two U2 reconnaissance aircraft which are based there in rotation and monitor the Middle East cease-fire lines with the consent of the Cyprus Government. According to both British and American diplomats this involves only 50 personnel. According to the Cyprus Left-wing, there are hundreds if not thousands of Americans at the base, including marines, while Hercules transporters and other aircraft

make frequent trips. They further claim that the U.S. makes a substantial contribution towards the £50m-a-year running costs of the base beyond that required by the U2 presence.

There are reports of huge stocks of weapons and ammunition, including dramatic accounts of underground stores of nuclear weapons. Such rumours reflect the intensity of local emotions over foreign military activity. All the last are denied by both the American Government and the British, who point out that apart from the U2s the only troops on the bases are some 4,000 British — 3,000 uniformed army and 1,000 RAF personnel together with 150 Ministry of Defence civil servants and another 4,000 to 4,500 dependants.

Aircraft

The only aircraft at the bases, they add, are a flight of Alouette Army Air Corps helicopters, half of which is used by the UN peace-keeping force in Cyprus. There are also two flights of Whirlwind helicopters, one used by the RAF and the other by the

UN force in Cyprus. In addition, the RAF uses the Akrotiri airfield to train fighter squadrons from Britain and West Germany on two-week cycles in the summer when the weather is more predictable than at either home base.

Although feelings about the bases have been strong enough in the past to bring marchers of the Cyprus Peace Council out in protest, they have become more controversial still since the U.S. established its Rapid Deployment Force (RDF). Mrs. Margaret Thatcher's commitment of British troops to the force in certain circumstances has sent all alarm bells ringing in Cyprus.

As the Cypriots rightly point out — what other base does Britain have available in the area but Cyprus, where there is the biggest RAF base in the world. Cyprus is seen to be the ideal overnight transit base and refuelling stop if the RDF were to be deployed in the Middle East and a storage facility for equipment and supplies. The NATO countries' recent pledge of assistance to the RDF takes some of the pressure off Cyprus as a likely staging post but it

still has the advantage of proximity to the Gulf over any other base in NATO countries.

The British, American and Cypriot governments all are adamant that no approach has been made for using Cyprus for the RDF. But it is early days yet and if it were the British element of the RDF which used the bases there is not much that Cyprus could do about it. This is what worries Cypriots.

Mr. Panos Pajandides, general secretary of the Cyprus Peace Council, says it would be a "catastrophe" if the RDF were to use the bases. Cyprus, he says, would become "the war zone of the two super-powers" which could lead to the destruction of the island. He is also concerned that the force could be used against "our friends and supporters in the Middle East — the Arabs." So, too, is the Cypriot Foreign Ministry.

Britain also denies that the bases are used for NATO purposes or by British troops assigned to NATO. But it is a fact that Britain is a member of NATO and a high percentage of its troops are committed to NATO use even in peacetime. It cannot be inconvenient to NATO to have the British bases at the southernmost tip of its Eastern Mediterranean flank.

A side issue in the bases controversy is the row over Britain's refusal to pay for some of the services used by the bases. Cyprus is claiming a total of £250m from Britain — though the bulk of this is unpaid aid claims and the cost of resettling refugees.

A counter to the Cypriot claim is that the bases are the second largest employer on the island after the Cyprus Government, employing between 4,000 and 4,500 Greek and Turkish Cypriots and injecting some £30m a year into the local economy. They also reduce the cost of maintaining the UN force in Cyprus and provide the only air-sea rescue service available on the island.

Cypriots, and not solely the Left wing, want the bases abolished. But even if Britain felt they were of no further strategic value their handover to Cyprus could be complicated by the fact that Turkish Cypriots have already demanded that one of the bases should be theirs.

Situated at the crossroads of Europe, Asia and Africa, and in

earshot of the Soviet Union, Cyprus is an ideally positioned listening post. High among the Troodos mountains in the mid-west of the island is the most obvious evidence of Cyprus's role as a monitoring centre. There, 6,400 ft up on top of a ski run, is the RAF radar centre from where it is able to keep a close eye on the Mediterranean and Middle East.

The other British intelligence base is at Ayios Nikolaos in the very northern tip of Dekelia, which is the military telecommunications centre capable of monitoring and decoding radio traffic. This centre is linked with the monitoring and intelligence-gathering centre at Cheltenham, in Britain.

Signals

British troops stationed at the bases include three signals regiments — one at Troodos, one at Episkopi and a third at Ayios Nikolaos — the permanently based 9th Signals Regiment.

The Americans used to have three monitoring stations of their Foreign Broadcasting Information Service (FBIS) in the north of the island at Kanakaria, Mia Milia and Yerolakkos but these were closed down following the U.S. arms embargo against Turkey. The U.S. says that it is now attempting to convert these centres which they own into weekend quarters for their staff based in Cyprus. The only monitoring centre it now admits is an FBIS station next to its embassy in Nicosia.

That Cyprus has more intelligence officers per head of population than anywhere else in the world is not difficult to believe. There are no fewer than 48 foreign embassies (including the Holy See) and a PLO office on this small island. Moreover, whatever the West may be up to the East bloc is not exactly asleep either. The Soviets have the largest listed embassy staff of 24 — more than either the U.S., Britain or Greece — with no fewer than three military/air/naval attaches, while the Bulgarians with a listed staff of 10, sport two and East Germany and Rumania one each. The Czech Embassy is also 10-strong. The Middle East KGB chief is also alleged to be based in Cyprus. Small wonder that the Cypriots feel that their strategic position is more a hazard than an advantage.

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 - (i) All services impaired by the Turkish invasion were restored to normal.
 - (ii) Over 6,000 new direct telephone lines were added, thus bringing the total number of direct telephone lines installed to 78,000.
 - (iii) The capacity of the telephone exchanges was increased by over 8,000 lines (end of 1979).
 - (iv) Sixty-five countries are now available on ISD service thus over 50% of the world's telephones can now be reached from Cyprus automatically (ISD).
 - (v) Automatic telex service (IXSD) is available with 147 countries and manual service with the rest of the world.
 - (vi) International outgoing automatic telephone traffic was substantially increased.
 - (vii) The capacity of the computerised telex exchange is 2,048. The service is provided with the most modern relay units and the total number of units installed reached 1,724 against 1,424 of 1979.
 - (viii) The Automatic Message Switching Centre, damaged during the Turkish invasion, was repaired and put into operation in 1977.
 - (ix) The installation of new equipment and wiring of cables for the expansion and improvement of all telecommunication services provided, both local and overseas.
 - (x) The installation of the Satellite Earth Station "MAKARIOS" was completed and its operation started as from April 1980.
 - (xi) Progress was made towards:
 - (i) The provision of telephone service to subscribers in all rural areas of Cyprus within the next three years.
 - (ii) The laying of a new submarine cable Cyprus-Greece of 1,400 channel capacity. The contract has been awarded to STC UK.
 - (iii) The introduction of radiotelephone, digital and subscribers' facsimile service.
 - (iv) The erection of new Head Office in Nicosia to house all Management and Administrative Services.

Double crops to catch markets

AGRICULTURE

MARGARET HUGHES

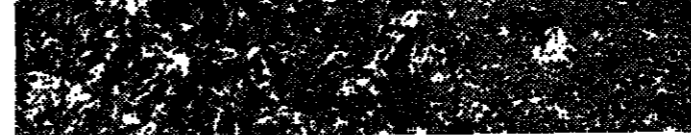
WITH THE loss of the Morphy orchards and Mesaoria wheat plains in the north of the island's agriculture is no longer the mainstay of the Greek Cypriot economy. Its share of Gross Domestic Product (GDP) declined to a record low last year of 10.5 per cent. But since agricultural produce is one of the few indigenous raw materials the sector remains important because of its high added value. It is also still the largest single employer.

Potatoes are now the single most important crop, accounting for 32.8 per cent of exports — although earnings from this source of £11.6m (£30.5m) were down last year because the crop was late and prices which they fetched in their main market — Britain — were low. Normally Cyprus potatoes fill the gap between Britain's own crop and Jersey potatoes. Because of the problems encountered in selling its agricultural produce since Britain became a member of the EEC it has been attempting to diversify its outlets. With both potatoes and other vegetables it grows two crops — an early crop which goes to Britain to meet the demand for out-of-season vegetables and a later crop which it now sells increasingly to the Gulf states and Eastern Europe. It uses the same approach with table grapes.

An added advantage of early crops is that grown in winter they need less water — in short supply in Cyprus — and produce a quick return. They are also ideal for cultivation under intensive conditions on small plots of land which are the norm in Cyprus. There are also plans to develop flower-growing but here Cyprus still lacks the expertise.

These grapes are being grown on the slopes of the Troodos mountains where the peasant farmers have been growing switch varieties and encouraged by a 20 per cent higher payment per acre to offset the lower yield in these areas. The higher yielding plains along the southern coasts of the island are limited to growing table grapes.

About a sixth of the Cypriot population is dependent on viticulture. The grapes are grown by a large number of small farmers, with an average vineyard of 8 acres on which they earn about £120 an acre. Viticulture accounts for some 20 per cent of agricultural output and 7 per cent of total exports.



The grape harvest — one of the island's major export crops

Grape production amounts to some 200,000 tonnes, of which 130,000 tonnes are used for wine, and is said to be among the highest in the world.

Cyprus aims to make a strong push with these better quality wines both in the UK and elsewhere in Europe once it has full customs union with the EEC — even if the quantity will be restricted — and also in the U.S. Cyprus was a late entrant to the U.S. but claims it has found a good potential market there where both the quality and price of its wines have proved attractive.

At the same time it has been expanding its sales in Europe and the Soviet Union in particular, though in this case with the cheaper and lower strength wines. It has sold 3.5m gallons of wine to the Soviet Union already this year — compared with only 300,000 gallons or so some years ago. The Soviet Union is also a good market for wine distillate. Mr. Neophytos Rhodas, manager of the Vine Products Commission, accompanied the Cyprus Commerce and Industry Minister to Moscow earlier this month in a bid to boost wine sales.

Although agriculture may no longer be the backbone of the economy every effort is being made to maximise the output of the reduced land available. The Government is currently undertaking several major irrigation projects in the south.

The C65m Paphos project on the west coast, which will irrigate over 12,000 acres and double dam capacity in Cyprus, is due for completion next year. The World Bank has contributed finance for the scheme, which is being built by Greek contractors under the super-

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Potential ripe for development

OFFSHORE CENTRE

METIN MUNIR

CYPRUS, which has been described as a "European country in the Middle East," is on the way to becoming a major offshore business centre for the Middle East, the Gulf and North Africa.

At present there are some 700 offshore companies on the island, most of which came after 1975 when the Government started introducing new legislation to attract foreign businesses. It was helped by the fight from the Lebanon when Beirut collapsed as a business centre. The island offers incentives and advantages which are probably unique in the region.

Cyprus is situated at a meeting point for Europe, Asia and Africa and provides easy access to the oil-rich Arab markets. Its infrastructure is one of the best in the region and its telecommunications easily one of the best in the world — new telephones are installed within a few days and telexes within a week or two. Operational costs are relatively low. Banks and accounting firms are professionally competent.

Despite still having no university the island has the highest ratio of university-educated people in the world outside the U.S. and Canada and has high quality managerial, administrative, personnel and other services available at all levels. English is widely spoken and all important laws are based on English law.

The Cypriots have a knack for taking the right economic decision or quickly changing the wrong one. As a part of its effort to revive the economy after the events of 1974 the Government introduced legislation in July 1975 giving tax exemption to offshore companies which carry out their businesses outside the island. In 1977 this law was changed when it was realised that total tax exemption would label Cyprus as another tax haven, and harm the country's image.

Under the amended legislation offshore companies are taxed at one tenth of the rate of 42.5 per cent applied to Cyprus companies. Branches whose management and control are in Cyprus are charged at the same rate but pay no tax when management and control are abroad. Partnerships pay no tax at all.

In the case of Dutch companies, which pay no tax at home if they are taxed abroad, Cyprus continues to be a tax haven.

Foreign employees working for offshore companies pay reduced taxes. Those working in Cyprus are taxed at half the rate of Cypriots (a maximum of 30 per cent). Those paid through Cyprus but working abroad are charged one tenth of the standard rate (a maximum of 6 per cent).

Furthermore, offshore entities are not subject to exchange control restriction. They can keep freely transferable funds in any currency but interest on such accounts is lower than in Europe.

Treaties

Cyprus also has tax treaties with the U.S., Ireland, West Germany, Greece, Sweden, Norway and Denmark. When ratification or negotiation processes are completed the list will include the U.S., Bulgaria, Canada, Czechoslovakia, France, and Italy.

The central bank has held back on offshore banks for fear of attracting the wrong kind of bank. But the matter is being given thorough consideration and legislation to attract "reputable banks" is being prepared. "They are really switched on here," said a Briton who is running a newly opened offshore engineering firm in Nicosia. Asked to count the problems he

was encountering in daily life the lack of small courts was all that he could name.

However, offshore companies in Cyprus do have some problems which need attention. Employees are not allowed duty-free cars, personal effects or equipment, all of which increases their costs considerably. Obtaining work permits involves time-consuming formalities and the deposition of passports with the police for several days. Airline services to both Europe and the Middle East need improvement. There are also difficulties in obtaining visas for such countries as Saudi Arabia, Kuwait, Bahrain and the United Arab Emirates, which have no embassies in Nicosia.

As the expatriate community grows their needs, both social and business, are being examined and given time Cyprus should improve its already favourable environment. A group of Cypriot businessmen have set up a new school, the Falcon, which is intended mainly for foreign children, and the new plush Lapasta Club outside Nicosia should please squash addicts. The island's only public golf course, however, lies fallow in the border between the Turkish and Greek zones and is yet another evidence of how a unified island could offer more.

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Companies and Markets

Hill sheep farmers suffer

By Richard Mooney

NORTH LANCASHIRE hill sheep farmers suffered a "staggering" income reduction of 92 per cent last season, according to a report published yesterday by the University of Manchester's department of agricultural economics.

The hard winter and late spring out to the lambing rate, caused high lamb mortality, boosted animal feed costs and reduced the market value of store lambs and draft ewes. In addition, business conditions were adverse. Input expenditure rose 18 per cent while increased borrowings attracted high interest rates.

As a result, net farm income (ignoring breeding stock appreciation) slumped from £84.80 a hectare in 1978-79 to a mere £7 in 1979-80.

Total gross output for the 19 hill sheep farms surveyed (all in the Bowland Forest area) was down 11.4 per cent with sheep output down 55.9 per cent.

Fat lamb prices were down 1.3 per cent and store lambs by 6.5 per cent. Draft ewes sold for 22.2 per cent less than in the previous season.

From Management Survey 1978/79 and 1979/80 price £3.

Tighter rules for salmon urged

By Our Commodities Staff

BRITAIN SHOULD tighten up its conservation rules for salmon, Mr. Gerry Radok, director of the Atlantic Salmon Trust, believes.

In an article in the latest issue of Field magazine, he argues for the phasing-out of all drift netting and an immediate ban on the use of monofilament nets. He also calls for a licensing system for salmon dealers and for anglers to be required to make returns of their salmon catches.

"Compared with Canada or Iceland our policies are deficient in many respects," he says.

Drift netting, already banned in Scottish waters, is wasteful and harmful with as much as 25 per cent of the salmon caught in the nets escaping only to die later, he says. Monofilament nets, which are highly elastic, are particularly harmful as they allow a greater number of mortally damaged fish to escape.

Brazilian selling rumours undermine coffee market

BY OUR COMMODITIES STAFF

LONDON COFFEE futures prices crashed down through the £1,000 a tonne barrier yesterday as speculators on both sides of the Atlantic sold out their holdings. By the close, the July position had reached 2966.5 a tonne, down £42.50 on the day.

The latest wave of selling, which has wiped nearly £100 off the price in the past week, started in New York where speculators reacted to reports of heavy selling by Brazil, the world's biggest producer.

These reports were initially received sceptically in London but it is now generally accepted that Brazil has re-emerged as a substantial seller.

The price slide has taken the market through established support levels at £1,000 a tonne in London and 115 cents a pound in New York prompting heavy stop-loss selling.

If the New York price

remains below 115 cents a pound a new cut in producing countries' export quotas will be triggered. Anticipation of this could help to steady the market, London dealers said yesterday.

The fall has come at an unlikely time. The approach of the Brazilian frost season usually holds the market steady at this time of year as traders fear being caught short in the event of a new Brazilian crop disaster.

The aftermath of the 1975 frost, which boosted coffee prices from \$800 to over \$4,000 a tonne, is still fresh in dealers' minds but it appears prospects of an increasing production surplus if there is no heavy damage in the next couple of seasons is outweighing these fears at present.

John Wicks, writes from Zurich: World coffee consumption should grow by between 1 and 2 per cent annually in the three-year period 1981-83, Mr.

Jens J. Sroka, director of Jacobs AG, said at the Swiss coffee concern's annual press conference here yesterday.

According to the company's estimates, marked growth will be largely limited to Europe and Japan. For the U.S., the world's biggest consumer, Mr. Sroka predicted "stagnation at best."

Exportable coffee production (excluding consumption in producing countries) is seen as rising during the period to some 70m bags (80 kilos each). About 32 per cent of annual output is estimated as being made up of Brazilian arabica, 16 per cent of Colombian arabica, 30 per cent of other arabica coffee and the remaining 22 per cent of robusta types, mainly from Africa.

World coffee stocks, which stood at 29.2m bags at the start of the 1980/81 crop year, should rise to 35.3m, 40.9m and 48.1m sacks, respectively, in the three coming years, Mr. Sroka said.

EEC cuts sugar exports

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD SUGAR values rallied yesterday following a sharp drop in the exports authorised by the EEC Commission at its weekly selling tender. White sugar exports authorised yesterday fell to 28,750 tonnes, compared with 68,750 tonnes a week ago. The Commission also cut the maximum subsidy granted to 18.53 European currency units per 100 kilos against 19,589 units given last week.

The reduction in the subsidy reflects the steeper trend this week in the world sugar market, which last week fell to the lowest level since December 1979. It is thought the bigger than expected cut in the maximum subsidy may have dissuaded exporters from bidding, since the EEC still has a lot of surplus sugar to sell.

On the sugar futures market the October position fell to £17.15 at one stage before recovering to close at £17.95 a tonne, still nearly 25 down on the previous close. In the morning the London daily price for sugar was cut by 24 to £17.3 a tonne.

If the International Sugar Agreement 15-day average price remains below 15 cents a lb a

further reduction, which was reintroduced effective from May 14.

At the International Sugar Organisation meetings in London this week it was provisionally agreed that exporting countries should begin building up special stocks to be held in the market and that the financing fee, used to subsidise the cost of these holdings, should be raised from 50 to

1.65 a tonne.

However, these recommendations have yet to be endorsed by the Organisation's executive committee meeting today and the full Council meeting tomorrow. Under the Agreement, when export quotas are introduced exporters are supposed to start building up special stocks of 2.5m tonnes over a three year period—1m tonnes each in the first two years and the remainder in the last year.

Cocoa pact move blocked

BRUSSELS — West Germany blocked a request by the EEC Commission for a mandate to issue a declaration of provisional application of a new International Cocoa Agreement, at a meeting of EEC Foreign Ministers here.

The Commission had sought approval for a declaration supporting provisional application of the agreement as a participant in a meeting of countries which have so far signed the agreement, due to be called by UN Secretary-General Kurt Waldheim.

The West German delegation justified its decision to withhold approval for such a declaration on the grounds that neither the biggest producer, the Ivory Coast, nor the biggest consumer, the U.S., has ratified the agreement.

However, the Commission still hopes to obtain approval from West Germany between now and the end of this month, the date by which a declaration of support for provisional application has to be made in order to participate in the UN meeting.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lower on the London Metal Exchange. Forward metal fell to £68 in initial dealings reflecting the rise in sterling. However, a firmer than expected opening on American markets, coupled with a decline in sterling in the afternoon, saw forward metal recoup the early losses and close the late Kib at £69.5. Turnover: 16,000 tonnes.

COPPER Official: + or -

Unofficial: + or -

High Grade 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100, 105, 110, 115, 120, 125, 130, 135, 140, 145, 150, 155, 160, 165, 170, 175, 180, 185, 190, 195, 200, 205, 210, 215, 220, 225, 230, 235, 240, 245, 250, 255, 260, 265, 270, 275, 280, 285, 290, 295, 300, 305, 310, 315, 320, 325, 330, 335, 340, 345, 350, 355, 360, 365, 370, 375, 380, 385, 390, 395, 400, 405, 410, 415, 420, 425, 430, 435, 440, 445, 450, 455, 460, 465, 470, 475, 480, 485, 490, 495, 500, 505, 510, 515, 520, 525, 530, 535, 540, 545, 550, 555, 560, 565, 570, 575, 580, 585, 590, 595, 600, 605, 610, 615, 620, 625, 630, 635, 640, 645, 650, 655, 660, 665, 670, 675, 680, 685, 690, 695, 700, 705, 710, 715, 720, 725, 730, 735, 740, 745, 750, 755, 760, 765, 770, 775, 780, 785, 790, 795, 800, 805, 810, 815, 820, 825, 830, 835, 840, 845, 850, 855, 860, 865, 870, 875, 880, 885, 890, 895, 900, 905, 910, 915, 920, 925, 930, 935, 940, 945, 950, 955, 960, 965, 970, 975, 980, 985, 990, 995, 1000, 1005, 1010, 1015, 1020, 1025, 1030, 1035, 1040, 1045, 1050, 1055, 1060, 1065, 1070, 1075, 1080, 1085, 1090, 1095, 1100, 1105, 1110, 1115, 1120, 1125, 1130, 1135, 1140, 1145, 1150, 1155, 1160, 1165, 1170, 1175, 1180, 1185, 1190, 1195, 1200, 1205, 1210, 1215, 1220, 1225, 1230, 1235, 1240, 1245, 1250, 1255, 1260, 1265, 1270, 1275, 1280, 1285, 1290, 1295, 1300, 1305, 1310, 1315, 1320, 1325, 1330, 1335, 1340, 1345, 1350, 1355, 1360, 1365, 1370, 1375, 1380, 1385, 1390, 1395, 1400, 1405, 1410, 1415, 1420, 1425, 1430, 1435, 1440, 1445, 1450, 1455, 1460, 1465, 1470, 1475, 1480, 1485, 1490, 1495, 1500, 1505, 1510, 1515, 1520, 1525, 1530, 1535, 1540, 1545, 1550, 1555, 1560, 1565, 1570, 1575, 1580, 1585, 1590, 1595, 1600, 1605, 1610, 1615, 1620, 1625, 1630, 1635, 1640, 1645, 1650, 1655, 1660, 1665, 1670, 1675, 1680, 1685, 1690, 1695, 1700, 1705, 1710, 1715, 1720, 1725, 1730, 1735, 1740, 1745, 1750, 1755, 1760, 1765, 1770, 1775, 1780, 1785, 1790, 1795, 1800, 1805, 1810, 1815, 1820, 1825, 1830, 1835, 1840, 1845, 1850, 1855, 1860, 1865, 1870, 1875, 1880, 1885, 1890, 1895, 1900, 1905, 1910, 1915, 1920, 1925, 1930, 1935, 1940, 1945, 1950, 1955, 1960, 1965, 1970, 1975, 1980, 1985, 1990, 1995, 2000, 2005, 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050, 2055, 2060, 2065, 2070, 2075, 2080, 2085, 2090, 2095, 2100, 2105, 2110, 2115, 2120, 2125, 2130, 2135, 2140, 2145, 2150, 2155, 2160, 2165, 2170, 2175, 2180, 2185, 2190, 2195, 2200, 2205, 2210, 2215, 2220, 2225, 2230, 2235, 2240, 2245, 2250, 2255, 2260, 2265, 2270, 2275, 2280, 2285, 2290, 2295, 2300, 2305, 2310, 2315, 2320, 2325, 2330, 2335, 2340, 2345, 2350, 2355, 2360, 2365, 2370, 2375, 2380, 2385, 2390, 2395, 2400, 2405, 2410, 2415, 2420, 2425, 2430, 2435, 2440, 2445, 2450, 2455, 2460, 2465, 2470, 2475, 2480, 2485, 2490, 2495, 2500, 2505, 2510, 2515, 2520, 2525, 2530, 2535, 2540, 2545, 2550, 2555, 2560, 2565, 2570, 2575, 2580, 2585, 2590, 2595, 2600, 2605, 2610, 2615, 2620, 2625, 2630, 2635, 2640, 2645, 2650, 2655, 2660, 2665, 2670, 2675, 2680, 2685, 2690, 2695, 2700, 2705, 2710, 2715, 2720, 2725, 2730, 2735, 2740, 2745, 2750, 2755, 2760, 2765, 2770, 2775, 2780, 2785, 2790, 2795, 2800, 2805, 2810, 2815, 2820, 2825, 2830, 2835, 2840, 2845, 2850, 2855, 2860, 2865, 2870, 2875, 2880, 2885, 2890, 2895, 2900, 2905, 2910, 2915, 2920, 2925, 2930, 2935, 2940, 2945, 2950, 2955, 2960, 2965, 2970, 2975, 2980, 2985, 2990, 2995, 3000, 3005, 3010, 3015, 3020, 3025, 3030, 3035, 3040, 3045, 3050, 3055, 3060, 3065, 3070, 3075, 3080, 3085, 3090, 3095, 3100, 3105, 3110, 3115, 3120, 3125, 3130, 3135, 3140, 3145, 3150, 3155, 3160, 3165, 3170, 3175, 3180, 3185, 3190, 3195, 3200, 3205, 3210, 3215, 3220, 3225, 3230, 3235, 3240, 3245, 3250, 3255, 3260, 3265, 3270, 3275, 3280, 3285, 3290, 3295, 3300, 3305, 3310, 3315, 3320, 3325, 3330, 3335, 3340, 3345, 3350, 3355, 3360, 3365, 3370, 3375, 3380, 3385, 3390, 3395, 3400, 3405, 3410, 3415, 3420, 3425, 3430, 3435, 3440, 3445, 3450, 3455, 3460, 3465, 3470, 3475, 3480, 3485, 3490, 3495, 3500, 3505, 3510, 3515, 3520, 3525, 3530, 3535, 3540, 3545, 3550, 3555, 3560, 3565, 3570, 3575, 3580, 3585, 3590, 3595, 3600, 3605, 3610, 3615, 3620, 3625, 3630, 3635, 3640, 3645, 3650, 3655, 3660, 3665, 3670, 3675, 3680, 3685, 3690, 3695, 3700, 3705, 3710, 3715, 3720, 3725, 3730, 3735, 3740, 3745, 3750, 3755, 3760, 3765, 3770, 3775, 3780, 3785, 3790, 3795, 3800, 3805, 3810, 3815, 3820, 3825, 3830, 3835, 3840, 3845, 3850, 3855, 3860, 3865, 3870, 3875, 3880, 3885, 3890, 3895, 3900, 3905, 3910, 3915, 3920, 3925, 3930, 3935, 3940, 3945, 3950, 3955, 3960, 3965, 3970, 3975, 3980, 3985, 3990, 3995, 4000, 4005, 4010, 4015, 4020, 4025, 4030, 4035, 4040, 4045, 4050, 4055, 4060, 4065, 4070, 4075, 4080, 4085, 4090, 4095, 4100, 4105, 4110, 4115, 4120, 4125, 4130, 4135, 4140, 4145, 4150, 4155, 4160, 4165, 4170, 4175, 4180, 4185, 4190, 4195, 4200, 4205, 4210, 4215, 4220, 4225, 4230, 4235, 4240, 4245, 4250, 4255, 4260, 4265, 4270, 4275, 4280, 4285, 4290, 4295, 4300, 4305, 4310, 4315, 4320, 4325, 4330, 4335, 4340, 4345, 4350, 4355, 4360, 4365, 4370, 4375, 4380, 4385, 4390, 4395, 4400, 4405, 4410, 4415, 4420, 4425, 4430, 4435, 4440, 4445, 4450, 4455, 4460, 4465, 4470, 4475, 4480, 4485, 4490, 4495, 4500, 4505, 4510, 4515, 4520, 4525, 4530, 4535, 4540, 4545, 4550, 4555, 4560, 4565, 4570, 4575, 4580, 4585, 4590, 4595, 4600, 4605, 4610, 4615, 4620, 4625, 4630, 4635, 4640, 4645, 4650, 4655, 4660, 4665, 4670, 4675, 4680, 4685, 4690, 4695, 4700, 4705, 4710, 4715, 4720, 4725, 4730, 4735, 4740, 4745, 4750, 4755, 4760, 4765, 4770, 4775, 4780, 4785, 4790, 4795, 4800, 4805, 4810, 4815, 4820, 4825, 4830, 4835, 4840, 4845, 4850, 4855, 4860, 4865, 4870, 4875, 4880, 4885, 4890, 4895, 4900, 4905, 4910, 4915, 4920, 4925, 4930, 4935, 4940, 4945, 4950, 4955, 4960, 4965, 4970, 4975, 4980, 4985, 4990, 4995, 5000, 5005, 5010, 5015, 5020, 5025, 5030, 5035, 5040, 5045, 5050, 5055, 5060, 5065, 5070, 5075, 5080, 5085, 5090, 5095, 5100, 5105, 5110, 5115, 5120, 5125, 5130, 5135, 5140, 5145, 5150, 5155, 5160, 5165, 5170, 5175, 5180, 5185, 5190, 5195, 5200, 5205, 5210, 5215, 5220, 5225, 5230, 5235, 5240, 5245, 5250, 5255, 5260, 5265, 5270, 5275, 5280, 5285, 5290, 5295, 5300, 5305, 5310, 5315, 5320, 5325, 5330, 5335, 5340, 5345, 5350, 5355, 5360, 5365, 5370, 5375, 5380, 5385, 5390, 5395, 5400, 5405, 5410, 5415, 5420, 5425, 5430, 5435, 5440, 5445, 5450, 5455, 5460, 5465, 5470, 5475, 5480, 5485, 5490, 5495, 5500, 5505, 5510, 5515, 5520, 5525, 5530, 5535, 5540, 5545, 5550, 5555, 5560, 5565, 5570, 5575, 5580, 5585, 5590, 5595, 5600, 5605, 5610, 5615, 5620, 5625, 5630, 5635, 5640, 5645, 5650, 5655, 5660, 5665, 5670, 5675, 5680, 5685, 5690, 5695, 5700, 5705, 5710, 5715, 5720, 5725, 5730, 5735, 5740, 5745, 5750, 5755, 5760, 5765, 5770, 5775, 5780, 5785, 5790, 5795, 5800, 5805, 5810, 5815, 5820, 5825, 5830, 5835, 5840, 5845, 5850, 5855, 5860, 5865, 5870, 5875, 5880, 5885, 5890, 5895, 5900, 5905, 5910, 5915, 5920, 5925, 5930, 5935, 5940, 5945, 5950, 5955, 5960, 5965, 5970, 5975, 5980, 5985, 5990, 5995, 6000, 6005, 6010, 6015, 6020, 6025, 6030, 6035, 6040, 6045, 6050, 6055, 6060, 6065, 6070, 6075, 6080, 6085, 6090, 6095, 6100, 6105, 6110, 6115, 6120, 6125, 6130, 6135, 6140, 6145, 6150, 6155, 6160, 6165, 6170, 6175, 6180, 6185, 6190, 6195, 6200, 6205, 6210, 6215, 6220, 6225, 6230, 6235, 6240, 6245, 6250, 6255, 6260, 6265, 6270, 6275, 6280, 6285, 6290, 6295, 6300, 6305, 6310, 6315, 6320, 6325, 6330, 6335, 6340, 6345, 6350, 6355, 6360, 6365, 6370, 6375, 6380, 6385, 6390, 6395, 6400, 6405, 6410, 6415, 6420, 6425, 6430, 6435, 6440, 6445, 6450, 6455, 6460, 6465, 6470, 6475, 6480, 6485, 6490, 6495, 6500, 6505, 6510, 6515, 6520, 6525, 6530, 6535, 6540, 6545, 6550, 6555, 6560, 6565, 6570, 6575, 6580, 6585, 6590, 6595, 6600, 6605, 6610, 6615, 6620, 6625, 6630, 6635, 6640, 6645, 6650, 6655, 6660, 6665, 6670, 6675, 6680, 6685, 6690, 6695, 6700, 6705, 6710, 6715, 6720, 6725, 6730, 6735, 6740, 6745, 6750, 6755, 6760, 6765, 6770, 6775, 6780, 6785, 6790, 6795, 6800, 6805, 6810, 6815, 6820, 6825, 6830, 6835, 6840, 6845, 6850, 6855, 6860, 6865, 6870, 6875, 6880, 6885, 6890, 6895, 6900, 6905, 6910, 6915, 6920, 6925, 6930, 6935, 6940, 6945, 6950, 6955, 6960, 6965, 6970, 6975, 6980, 6985, 6990, 6995, 7000, 7005, 7010, 7015, 7020, 7025, 7030, 7035, 7040, 7045, 7050, 7055, 7060, 7065, 7070, 7075, 7080, 7085, 7090, 7095, 7100, 7105, 7110, 7115, 7120, 7125, 7130, 7135, 7140, 7145, 7150, 7155, 7160, 7165, 7170, 7175, 7180, 7185, 7190, 7195, 7200, 7205, 7210, 7215, 7220, 7225, 7230, 7235, 7240, 7245, 7250, 7255, 7260, 7265, 7270, 7275, 7280, 7285, 7290, 7295, 7300, 7305, 7310, 7315, 7320, 7325, 7330, 7335, 7340, 7345, 7350, 7355, 7360, 7365, 7370, 7375, 7380, 7385, 7390, 7395, 7400, 7405, 7410, 7415, 7420, 7425, 7430, 7435, 7440, 7445, 7450, 7455, 7460, 7465, 7470, 7475, 7480, 7485, 7490, 7495, 7500, 7505, 7510, 7515, 7520, 7525, 7530,

Norwich Union Insurance Group				Target Life Assurance Co. Ltd.			
PO Box 4, Norwich NR1 5NE, 0603 22200				Target House, Galsborough Road, Aylesbury Bucks. 0494 (0476) 5941			
Managed Fund	299.2	304.4	-2.0	Man. Fund Inc.	135.0	142.1	-5.1
Equity Fund	199.7	195.2	-2.3	Man. Fund Cap.	130.0	136.8	-5.2
Property Fund	198.7	199.6	-0.9	Man. Fund Acc.	130.0	139.5	-9.5
Fixed Inc. Fund	142.8	142.9	-1.3	Man. Fd. Inc.	128.7	146.0	-17.3
Deposit Fund	135.9	143.0	-1.1	Man. Fd. Inc.	136.7	142.8	-6.1
Reg. Min. Asset Li.	291.2						

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